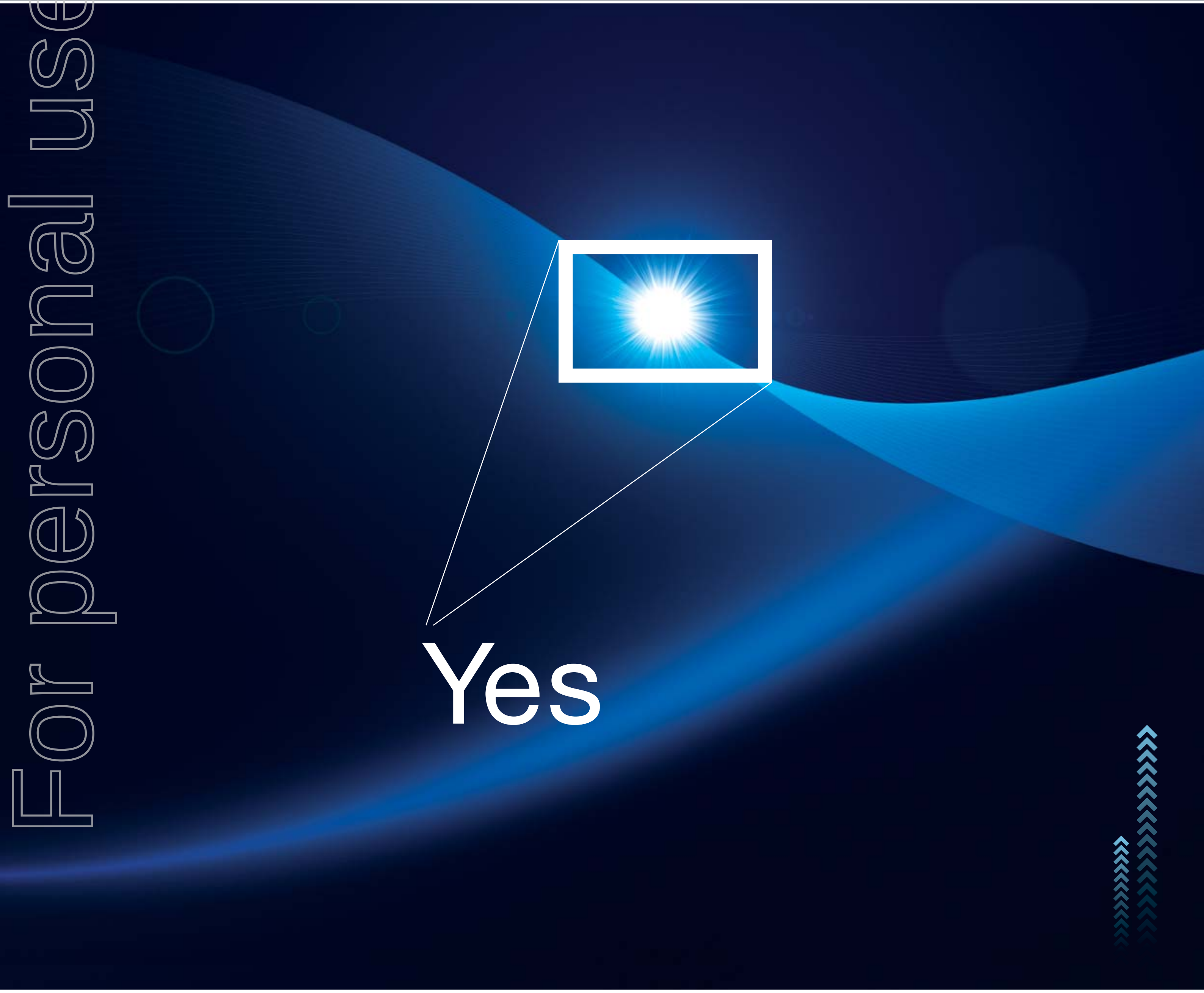
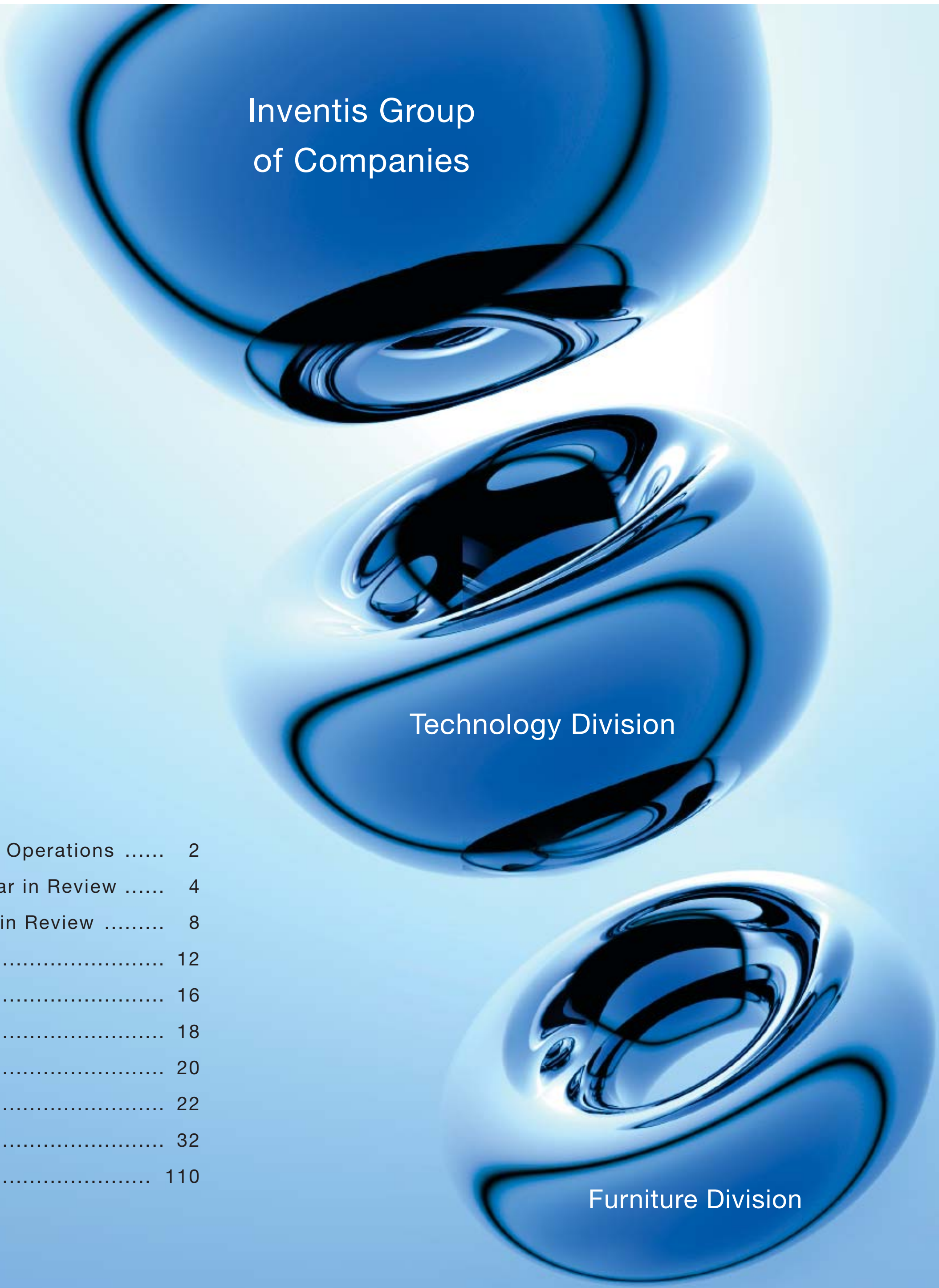
inventis
inspired solutions



Inventis Limited
ABN 40 084 068 673


Inventis Group
of Companies
Technology Division
Furniture Division

CONTENTS

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Yes! With that single word we can do and are delivering on our commitments.

There is a very bright future on the business horizon for the Inventis Group of Companies. By working smarter and becoming more accountable in all our business activities we have undoubtedly enabled our Group to continue to meet head-on, whatever strategic and operational challenges may come our way.

To convert intent into the will to win, deliberate planning and continued action by Inventis has created the conditions for further change and success. We put in place the strategy, leadership, goals, process, skills, systems, issue resolution and structure to direct and exploit the dynamic nature of our business in one of the worst global economic climates we have ever experienced.

Tony Noun

Chairman and Group Managing Director

Inventis Profile

Inventis Limited is a diversified company involved in sales, marketing, design and manufacture of products and services whose foundation is 'inspiration' and 'innovation'. Consistent with this approach and strategic direction, the name of the Company is Inventis Limited.

Inventis Limited (IVT) is an Australian Stock Exchange (ASX) listed company.

REVIEW OF INVENTIS GROUP OPERATIONS

Despite the challenges in today's marketplace and the uncertainties of the global economy, Inventis is moving in the right direction. We paid down portions of our debt in FY2009 by restructuring and adapting our operations; we found new ways to deliver value to our customers; and, we intensified our focus on cash flow and on the running of a leaner and more efficient organisation.

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

Inventis is a strategic market competitor equipped with technical innovations as well as intelligent and dedicated employees, both of which have been instrumental in turning our Company around to produce credible financial results. By continuing to implement strategic initiatives as part of our 5-year Business Action Plan, we are moving into the new financial year with confidence that Inventis has made and continues to make the necessary adjustments in response to local and global market conditions to position itself for new growth opportunities.

For fiscal year 2009, and during tougher than expected economic conditions, we reported financial results that were highly encouraging and positive for the Group. Although Group sales for 2008/09 were $30million, a 19.8% decrease from $37.4million for the prior year. The decrease in overall Group Revenue from continuing operations as compared to the prior period was also greatly impacted by having to place the Alpha Aviation Group of companies into voluntary liquidation and receivership on 22 January 2008 with subsequent write-downs in the assets and intangibles of Alpha Aviation.

Since this unfortunate event, our cash and short-term investments position declined marginally to $0.2million but long-term debt was reduced from $1.4million to $0.9million. Our Net Profit After Tax increased favourably to $3million, or 9.6% of sales, a substantial increase over the prior year.

As our FY2009 results show, we are successfully managing our working capital to reduce debt and redeploying our non-core assets into areas with greater potential for return. However, our most important improvement efforts are taking place in the Group's businesses themselves.

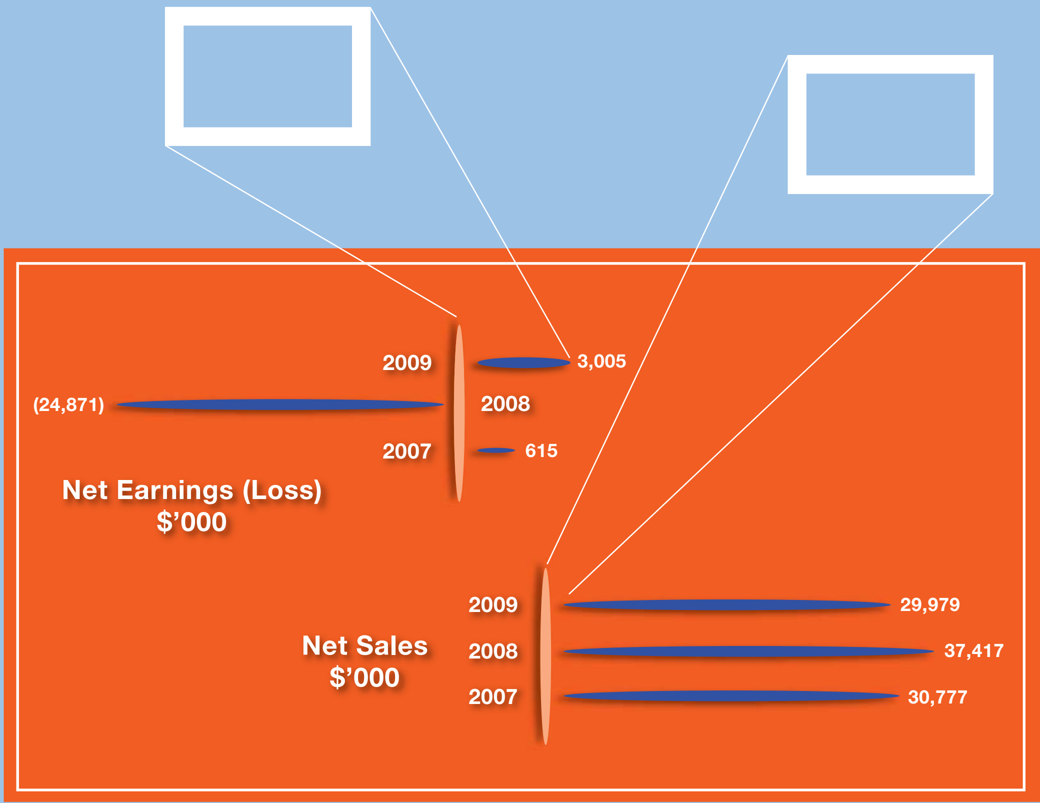
We are strengthening our marketing activities for products in both the Technology and Furniture Divisions; and particular emphasis is being placed by Inventis Technology on innovative products. In Gregory Commercial Furniture, the emphasis is on product development, accessing the higher-end Architect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

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

28%
Overall Reduction in Cost

30M
Consolidated Sales Revenue

What if everyone did what they said they'd do?



The consolidated results for the Inventis Group for the financial year ended 30 June 2009:

Operating Highlights	2007 Actual $'000	2008 Actual $'000	2009 Actual $'000
Gross Profit*	13,958	15,252	13,177
EBITDA*	237	(2,855)	204
Total Assets	30,841	25,501	23,009
Total Shareholder Equity	20,834	8,494	7,508

Note: * Does not include Alpha Aviation Group in Sales, Gross Profit or EBITDA

2.4M Technology Division EBITDA

0.5M Furniture Division EBITDA

3.0M Consolidated Group NPAT

TECHNOLOGY DIVISION – YEAR IN REVIEW

With the consolidation of the Technology Division complete, the major initiative of FY2009 was the transformation of Inventis Technology from a manufacturing focused business to a sales driven company. Equipped with an expanded sales and marketing team, the Division is now well resourced and has commenced significant sales activity on a range of customer-centric products and solutions to achieve organic growth in the coming years, both locally and internationally.

Our period of integration, and of exploring synergies between the loosely related businesses in our Technology Division is now emerging as a set of commercial ready products, arming us with more brands and products to take to a broader range of vertical markets and geographies. As a result, we have greater control over margins and the top line, whilst also reducing our reliance on OEMs and third parties.

Inventis Technology made significant strides in FY2009 to more effectively serve the changing needs of current customers, as well as prospective ones, while combating the adverse economic environment and a highly devalued Australian Dollar. Further out-sourcing of assembly to China was carried out to regain margins and help ensure on-going competitiveness in a price sensitive market. These efforts, coupled with enhanced productivity, quality assurance and continued up-skilling of manufacturing staff, both in-house and with our outsourced partners have enabled Inventis Technology to deliver creditable earnings and cash flow without compromising the Company's commitment to its customers, safety, or its operational capabilities.

Inventis Technology revenue was $13.3million for the year ended 30 June 2009 and is 2% above the same period last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for this period is $2.4million compared to $1.1million for the same period last year.

The Inventis Technology Division is divided into three areas of operations and retains three main revenue streams. They are:

PNE ($8.8million and 66% of total revenues), Impart Special Products ($2.2million and 17% of total revenues) and Opentec Solutions ($2.3million and 17% of total revenues).

The primary strategy underlying the Technology Division has been to diversify the business through a mix of new products and solutions, thereby reducing our reliance on traditional OEM customers. This mix is comprised of: in-house developed products under the PNE, Impart, SafeZone and Opentec brand names; new agency (3rd party supplied) products to be sold under the Impart and Opentec brand names; and integrated solutions developed in conjunction with 3rd party software developers and system integration businesses, that are based on one or more of our products, that leverage sales to customers who would not otherwise buy our product alone, but who will buy the high-value-add, application-specific solutions incorporating them.

The Technology Division currently benefits from a strong base of clients situated mainly in Australia and New Zealand, as well as the Middle East, which makes this strategy more likely to yield worthwhile dividends. These include OEM manufacturers, power and utility providers, mining companies, government service providers, defence, emergency service providers and vehicle body builders.

Our projections going forward assume growth in consumption, infrastructure development and economic activity. It is important to note that our projections take into account solely the organic growth prospects of the Technology Division.

'TrioMetrics' Biometric Scanner

Rugged biometric identification system for deployment by police, counter-terrorism, border patrol, coast guard and emergency response groups.

Impart Controller Area Network (iCAN)

Tested in-field with selected customers in FY2009, iCAN will be launched across a range of commercial vehicle applications in FY2010.

We are constantly driving for more innovation, more differentiation and more technology.

SafeZone®: A product initially developed for the road safety niche market, has been re-engineered for numerous other applications such as the SafeZone Advanced Warning Light System for railway environments, including passenger platform control, occupational health and safety environments, as well as, various applications for the mining industry.

TECHNOLOGY DIVISION – YEAR IN REVIEW CONT.

- Growth in divisional sales by 2.0% over the previous year, to $13.3million
- Growth in Impart brand sales by 46% over the previous year, to 2.2million, as a result of coordinated product development and targeted marketing strategies
- Growth in Opentec brand sales by 77% over the previous year, to $2.3million, due largely to $1.5million order from the UAE Armed Forces, but also as a result of new product availability
- Completion of the SafeZone system, with significant steps made in promoting it to major road, rail and commercial users in most states, thereby setting the scene for the next financial year
- New product developments, including the Personal Ioniser and the Impart iCAN Controller Area Network system
- Forging strong relationships with US partner to secure sales rights in Australia, Middle East and India to new world-class biometric solutions
- Exhibited at IDEX in Abu Dhabi, the region's principal defence forum; where we received significant interest from regional defence forces
- Creation of new resources, allowing reorientation of marketing focus to highly cost effective activities, including Search Engine Optimisation (SEO) and Search Engine Marketing (SEM), resulting in significant lowering of cost-per-sales-lead generated, with more leads being delivered compared to the previous year

Technology Division initiatives

Inventis Technology continues to seek better, faster, and more cost effective ways of doing business and has initiated a number of processes to improve the productivity of our Technology brands. Major initiatives include the further engineering of SafeZone advance warning product to address broader markets and a greater diversity of applications; awarding of international distributorship to Opentec Solutions for its sophisticated mobile Biometric Scanner; proceeding with field testing of Impart Special Products' iCan CAN-Bus system; launching of the PNE newly developed Personal Ioniser health product, produced and marketed in conjunction with Bionic Products, to both local and international markets; and increasing our strategic sourcing, improving supply chain management while successfully developing collaborative partnerships and strategic alliances.

What's more, Inventis Technology continues to leverage off its proven development and operations skills to deliver first class technology solutions and a projected revenue growth to $18million, thereby augmenting the Group's national and international competitiveness and overall profitability.

Technology Division future direction

As we position Inventis Technology to capitalise on changing industry dynamics, we plan to expand and diversify within new-technology, electronics and defence markets. We are complementing our current product portfolio with more highly

Elanra Air Ioniser Pendant

A key innovation within the health and travel sectors. The focus will be on setting up local and international distribution channels.

iSTART Single Phase Soft Starter

Appropriate for air conditioning and refrigeration markets, iSTART represents Inventis Technology's growing focus on self branded products.

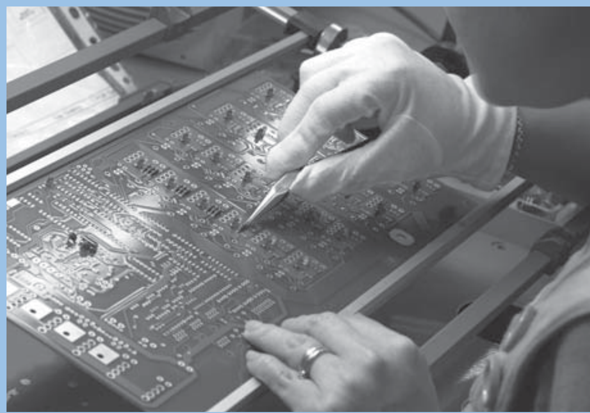
engineered customer-centric products and applications, targeting specific high-growth markets to expand our national and international presence. In particular, the Middle East, Asia and Europe, where the demand for our diverse range of innovative products and solutions is creating new opportunities for Inventis Technology.

Organic sales growth is also being realised through existing products into new markets, for example the further engineering of SafeZone making it a more feasible solution for pedestrian applications such as train platforms, factories and shared industrial zones; identifying new vehicle markets for the iCAN controller area network, including truck, trailer and specialist commercial vehicle applications.

Furthermore, by focusing resources on third party product opportunities that enhance and complement our existing offering, we plan to better service an expanded number of vertical market segments. For example, our range of Opentec solutions will include Biometric Scanners and Cardiac Monitors in FY2010, providing the Technology Division with product opportunities for worldwide border security and medical markets.

We will continue to up-skill staff in the core functions of manufacturing, quality assurance and engineering. This investment in people translates directly to customer value and is closely aligned with our plan to reduce risk and maintain our competitive edge in an increasingly price sensitive climate.

Our efforts will be underpinned by applying quality assurance to each function in order to achieve internationally recognised ISO:9001quality accreditation across the entire Technology Division.



RPDA 6 Series with 3.5G

With optional 3.5G connectivity, the new RPDA represents real-time data and phone coverage for Opentec's remote, field-based customers.

Impart Emergency Alert System

Inventis Technology is campaigning to have the Emergency Alert System deployed as the national schools' standard.

FURNITURE DIVISION - YEAR IN REVIEW

The Commercial Furniture Division has experienced a year of vast change. Whilst continuing to focus on its core business under the Gregory brand, one of the leading Australian and New Zealand based suppliers of ergonomic seating, many new initiatives were introduced throughout FY2009 to further advance Gregory Commercial Furniture (GCF) in the wider commercial furniture arena.

Our overall performance was impacted by the weakened economy. We have been hit particularly hard by the downward trend in the commercial construction and fit-out markets as well as the massive devaluation of the Australian Dollar. Due to these circumstances, in fiscal year 2009, our Commercial Furniture Division moved swiftly to reduce its operating costs, thus enabling it to become a credible participant in the competitive marketplace. Substantial savings were also achieved through rationalisation. However, the reduction in staff numbers was not achieved at the expense of output, reliability or efficiency.

Despite a reduction of 31% in furniture sales, compared with last year's results, was able to maintain a positive EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) similar to the same period last year. The Commercial Furniture Division's revenue was $16.7million for the year ended 30 June 2009 and with an EBITDA for this period of $0.6million compared to $0.8million for the same period last year.

Whilst the Australian segment of GCF performed poorly against budget and against last year's result, the overall result is positive for the year. Significant groundwork has been laid for our continued focus on the lucrative Architect and Designer and Healthcare sectors and a cohesive corporate structure has been implemented to support the planned growth of the business in future years. Our New Zealand operation, unfortunately, experienced a very tough year and, in the face of extremely stiff competition and low pricing, our people continue to work tirelessly to improve the result for the coming year.

Although the tough economic conditions substantially impacted the turnover of the business throughout FY2009, essential steps have been taken to enhance the internal capabilities and efficiencies of our operations to deliver more consistent earnings and cash flow, which better prepared us for cyclical slowdowns in the commercial furniture market. Additionally, significant advancements within GCF will further ensure that the business is ideally positioned to take advantage of anticipated upswings in the marketplace throughout the later part of FY2010/11 and beyond.

Furniture Division business highlights

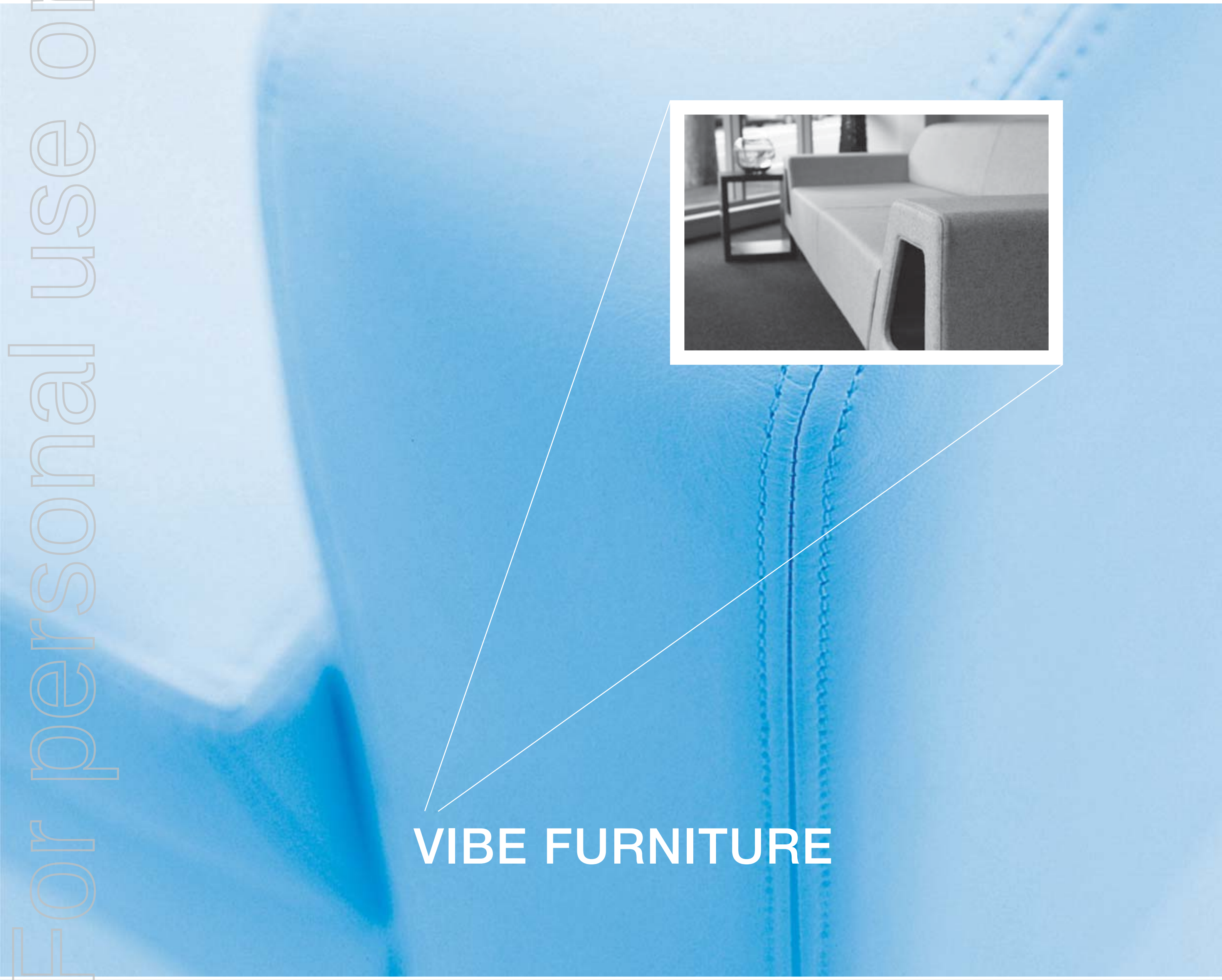
- Assimilation of the separate entities, Damba Australia, Gregory Australia and Vibe Furniture into one cohesive company - Gregory Commercial Furniture Pty Limited
- Cost cutting measures include downsizing of the Bayswater plant; the commencement of outsourcing for systems manufacture; and manufacturing specialisation for all three plants to achieve more streamlined manufacturing and better inventory control
- Initiatives aimed at building our responsiveness to changing market trends include the further development of in-house research and development and quality assurance resources

DUAL DENSITY posture support

X-Cel Comfort

Gregory Column Technology

We are **achieving innovative outcomes** as a result of inspired solutions and business insights.



Australian DESIGN AWARD
Dual Density Posture Support System
Licence No. 94216
Standards Australia

Quality Endorsed Company
ISO/9002Lic0734
Standards Australia
Quality System

Australian Government Endorsed Supplier
Supporting Australian Business

FURNITURE DIVISION - YEAR IN REVIEW CONT.

Furniture Division business highlights cont.

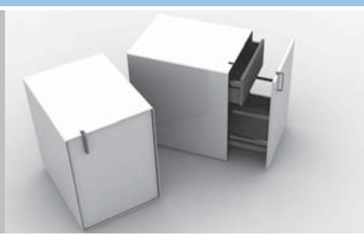
- Rebranding of Damba in NZ to Gregory Commercial Furniture and the subsequent launch of Dual Density and ergonomic seating technologies in New Zealand
- Launch of X-Cel Comfort seating technology in New Zealand
- Development of cohesive branding strategies for Gregory Commercial Furniture, driven by a dedicated Marketing team who focused on rebranding and development of marketing collateral
- Commencement of strategic alliance with Professor Terry Cunniffe, Master of Ergonomics at Massey University and recipient of the Queens Medal for Service to Ergonomics
- Continued momentum with the Creative Vibe competition, including the sponsorship of several design courses at leading Australian universities
- GECA certification of nine additional products to supplement the original three which were certified in FY2008 and Company tagline 'Ergonomic to the Core' changed to 'Ergo Eco-Logical'. 'Green to the Core' has also been launched to anchor the Company's commitment to environmentally friendly manufacturing processes and products
- Inaugural Gregory International Sales Conference that featured the launch of four dedicated corporate recognition Awards which will be presented annually
- Participation in Saturday in Design, the leading trade event for the Architect and Designer sector in Australia
- Redefined relationship with Boss UK

Furniture Division initiatives

- Heightened focus on the core GCF customer base; government, healthcare and direct commercial accounts coupled with a continued push on visitor and soft seating with traditional 'task only' clients
- Enhanced focus on direct channels to service government, health and aged care, corporate, hospitality as well as architect and designer markets to counteract the magnified implications of the weakened economy on distributor revenues
- Development of the GCF website to include customer centric features such as streamlined online ordering to deliver further value to end users and distributors
- Promotion of GCF's ergonomic heritage and unique brand proposition with the launch of the 'Is it a Gregory?' campaign via direct channels, print and online media
- Holistic focus on new products, utilising in-house research and development design, sales and marketing resources to respond more quickly to customer requirements and emerging industry trends
- Continued sponsorship of high profile student design competitions and mentoring of young designers to build further market presence for the Creative Vibe competition and enhance credibility within the architect and designer sector
- Continue to form strong ties with GECA and leverage the upcoming GECA certification of a far wider selection of GCF and Vibe products to gain entry to emerging high-end market segments
- Streamlining of cross Tasman procurement and IT systems to allow better management and sharing of information

Seating Technology

Designed by world renowned innerspring manufacturer X-Cel Comfort is an excellent solution when other foams bottom out due to excessive weight.



SAN

By leveraging local design expertise to commercialise new high end products, the winner of the second Creative Vibe competition is now included in the GCF range.

- Continue to build on enhanced business development focus in Victorian and Queensland markets, while also monitoring opportunities for growth in Western Australia via direct or non-competitive channels
- Realign New Zealand business development resources to include added representation in Wellington and Auckland to secure Government contracts and to cater for New Zealand's expanding Architect and Designer sector
- Projected revenue growth of 42% over FY2009 to $23.7million

It is anticipated that these initiatives will lead to substantive growth of approximately 40% to $23million.

Furniture Division future direction

Due to current global economic outcomes, competition in the commercial furniture market has become more intense. Over recent years, imports have also been steadily capturing a larger share of the commercial furniture market. These two factors have placed greater pressure on local furniture designers and manufacturers and led to reduced margins. Increased competition is here to stay and we will deliver quality lower-cost furniture products that not only meet, but exceed our customers' expectations.

For large volume commercial projects, the primary customer is often the 'specifier' (such as architects, builders or project managers) or building owners/lessees who are responsible for fitting out buildings and offices. Armed with the choice of local and imported products, these purchasers exert significant influence on the sector. Like retailers in the domestic market, the primary purchasers are able to exercise significant control over sourcing arrangements and product specifications, which is why Gregory Commercial Furniture will work hard at remaining highly competitive and attractive in it's product offerings.

The market is also entering a period where there is likely to be a temporary over supply of commercial furniture capacity. It is therefore difficult to see any major new capacity being brought into the commercial market in the immediate future.

However, as growth demand begins to absorb spare capacity, there will be opportunities for more sales generation, and as a result of our improved operational efficiency and broad portfolio of products available in Australia and New Zealand under the one Gregory Commercial Furniture banner, the future for our Commercial Furniture Division looks much brighter.

Another key component for our future success in this market lies in the capability/adaptability of our furniture business to move into new areas – whether they are products, customer segments or methods of operation. So continuing to build on our product range and brand positioning is of significant importance for the Gregory Commercial Furniture strategy going forward.

We are expanding our presence in the hotel, hospitality, health and retirement living markets and will maintain absolute focus on managing price and costs to compete with cheaper imports across all markets. We will also be aiming to increase our market share by continuing to take up Environmentally Sustainable Design (ESD) for our seating, workstations, storage, and filing range of commercial furniture products.

Market situations strongly favour ESD as an essential way of doing business in the office furniture industry, evidenced by increasing public sector tenders requesting detailed information on the environmental impacts of products supplied and the demand for further evidence of manufacturer environmental 'credentials'. ESD has therefore truly become a major draw card for government departments, architects, developers, and end-users alike. This trend is expanding rapidly in the commercial furniture market sector and we are well positioned to take advantage of it.

Zuma

Was added to GCF's range in response to the growing price sensitivity of the commercial furniture market featuring Dual Density Posture Support System.

Green to the Core

GCF's range of Environmentally Sustainable Design (ESD) furniture gives it its environmental 'credentials' and lessens its impact on the environment.

Tony Noun
Chairman and Group Managing Director

DEAR SHAREHOLDERS,

As a result of successfully pursuing our organisational reform and strategic initiatives, Inventis is transforming itself into a leaner, more competitive and highly efficient Company.

With such a dramatic repositioning, our people have demonstrated they can do what is needed under the toughest economic and trading conditions. They remained firmly committed and accountable for their actions and exhibited a dedicated and tireless spirit. Their belief in the products and services they deliver are turning the Company around to make Inventis the market leader it deserves to be. The Board acknowledges their efforts and thanks them for ensuring that the Company was able to make impressive progress to position itself to take advantage of future opportunities.

We can be proud of an excellent team effort by our dedicated Inventis employees. It is because of them that Inventis is once again a vital Company that is achieving a new degree of clarity about its business model: 'Accountability, Sustainability and Inspired Solutions'. This is what continues to drive change in every aspect of our day-to-day business.

3.0M
Consolidated Group NPAT

30M
Consolidated Sales Revenue

In our new structure, we have delivered a highly improved year.

Throughout FY2009, we continued to execute our business plan effectively, producing gains in key markets while increasing overall Group profit. Our results from continuing operations saw operating profit (EBITDA) increase to $0.9million. This is more than 175% increase over the prior year.

One of the strengths of our business model, from a financial point of view, was our ability to dramatically cut operating costs throughout the entire organisation by applying lean principles to our front offices and back work shops, upstream to our partners and suppliers, as well as downstream to our customers.

In an extremely difficult economic environment, our results were a modest, but credible improvement on last year. We were able to achieve these results because of our swift organisational restructuring, smarter growth and reduced risk. We continued our 5-Year Business Action Plan implementation with extreme diligence to immediately improve our competitive position and refocus our R&D efforts on products, which we believe, over time, will impact our revenues in a positive way. We continued to cut waste in the supply chain and enhance our capacity to innovate, thus providing Inventis with a greater ability to deliver enhanced results to our customers and to you, our shareholders.

Although the year had its challenges and some parts of the business fell short, the overall result is pleasing as it demonstrates the Company's determination to reach targets, despite adverse operating conditions. My fellow Directors and I certainly have a real sense of satisfaction in what has been achieved and a keen sense of anticipation for the challenges that lie ahead. As one of the Company's shareholders, I can assure you that the Board remains focused on taking the necessary steps to meaningfully increase shareholder value.

While Inventis has achieved the first stage of its transformation, through establishing itself as a leaner, more competitive and highly efficient Company, it also made commitments to its customers and shareholders based on principles of accountability, consistency and honesty. As such, I believe we have delivered on our promises.

Our next stage of business activity and development requires full utilisation of Inventis' inspired solutions capabilities, technology and manufacturing resources and the skills, imagination and continued determination of our people. In this regard, we have already made swift progress in implementing strategies to sustain our core businesses and competencies and thereby enhance the Company's longer-term earnings and value.

In our efforts to create a leaner and more efficient Inventis, the most significant developments were:

> A reduction in the purchase price of Alpha Aviation of $3.6million

> A reduction in corporate costs of $500,000 per annum

> Centralising only those services which can be provided more efficiently, in order to empower our General Managers and ensure they take greater control of their respective divisions

> Expanding our business, marketing and product development resources in both divisions to capitalise on existing opportunities and identify and respond quickly and effectively to new opportunities

Consolidated Results for the Inventis Group

$(000)	2008 Actual	2009 Actual
Sales – Continuing Operations	37,417	29,979
NPAT	(24,871)	3,005

- Streamlining senior management and structure
- Downsizing our Bayswater plant and introducing manufacturing specialisation for all three furniture plants to further streamline manufacturing and inventory control
- Further out-sourcing of assembly to China was carried out within the Technology Division to regain margins and help ensure on-going competitiveness
- Significant upskilling of manufacturing staff, both in-house and with our outsourced partners took place as customer-centric metrics for performance were implemented across each divisional function

But as we intend to remain an innovation leader we've got to continue to do the hard work, develop new products and discover new capabilities and markets to keep our customers satisfied and move our Company forward. This is also the nature of our new business model, strategy and marketplace repositioning.

Building a stronger customer focus

No two Inventis customers are alike. Neither are our product solutions. Each is tailored to a specific customer need. We believe that the power of our inspired solutions is the ability to do more for our customers. That requires in-depth understanding of our customers and the challenges, which are unique to each of them. Simply put: customers aren't the end of what we do; they are the beginning.

We want our customers to perceive us as the supplier of choice. Customers are in the drivers' seat and we believe they are looking for superior value in all the solutions they consider.

As part of our Business Action Plan, Inventis has created a customer-centric business model that will deliver greater value and predictability to our customers, and will define everything we do – from the selection of our products and services to the ways we make them better. By listening to our customers' needs and responding to their challenges, Inventis will find itself ahead of the competition.

Increasingly, our sales channels will be the most powerful and sustainable differentiator in delivering superior value to customers. To effectively reach the right customers at the right time with the right solutions, we are also taking every opportunity to rationalise our sales strategy and approach based on how our customers and markets change. This includes putting the right channels in place, the programs to support the channels and importantly, the measurements that ensure we are accomplishing what we set out to achieve. At the same time, we will also redefine the value proposition for our channel partners and seek better ways to make our products and services more compelling for them to sell.

Some of our customer-centric business objectives include:

- Addressing disconnects in the information flow between order entry, manufacturing and accounts payable
- Improving production schedule efficiencies in order to reduce any excesses or unavailability in inventory while further minimising loss of manufacturing/assembly time
- Further reductions in our supply chain administrative costs
- Improving communication between the factories and suppliers
- Sharpening our competitive edge through improved delivery cycles for customised products

Investing In People

As we intend to remain an innovation leader, it is the skills, imagination and determination of our people that continue to drive change in every aspect of our day-to-day business.

Identifying New Opportunities

We are seeking projects and channel partners in various vertical and geographic markets where our solutions can add value to the increasing global needs of prospective customers.

We are making further adjustments to position ourselves for future profitable growth.

Forging strong alliances with strategic business partners

No organisation can do everything. This is why alliances are powerful means of enriching the solutions and value we provide our customers; improve our access to new markets and customers; and grow our knowledge base as well as our capabilities. Our partnerships are built upon the understanding that we can achieve more by working together to drive down costs, while providing reliable products and responsive support services. With this in mind:

> We are extending our core competencies through commitment, trust and collaboration and entering into relationships with organisations that have capabilities that complement ours. This is exemplified by leveraging our complementary rugged computing hardware platforms to become the distributor of Amrel USA's Biometric Scanners, Brain Wave Monitors and Early Cardiac Diagnostic Systems in Australia, New Zealand and selected Middle East countries, further strengthening Opentec's value proposition as a solutions provider in defence, security and medical markets

> The recent launch of a number of AUSortium partnered solutions utilising Opentec's custom engineered portable notebooks, resulting in a number of trials, with the potential for more substantial orders for Opentec in the coming year

> As trends within the furniture industry move towards specifiers and fit-out companies, Gregory Commercial Furniture has developed a strategic alliance with CSM, a storage solutions company; and Systems Supply, a workstation solutions company, in order to more effectively compete for government and substantial commercial contracts

Business development and offshore expansion

Inventis believes that carefully targeted offshore expansion can diversify the Company's revenue streams. Inventis has distinctive products and skills that can be leveraged offshore.

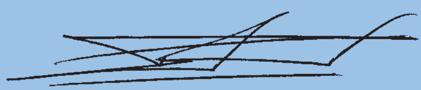
We are currently seeking out projects and channel partners in various targeted markets including the Middle East, Asia, USA and Europe where our products and services can add value to the increasing global needs of many prospective customers.

The future

We are hopeful that the global operating and economic environments will substantially improve in the not too distant future.

We know with confidence that Inventis and its staff have the skills, entrepreneurial flair and determination to succeed in our chosen markets.

We are well positioned for both economic and industry upturn, when it occurs.



Tony Noun
Chairman and Group Managing Director

Driving Customer Value

No two Inventis customers are alike. By listening to our customers' needs and responding to their challenges, Inventis will find itself ahead of the competition.

Operating More Efficiently

We have cut overall operating costs throughout the entire organisation by applying lean principles to our front offices, back workshops and factories.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Inventis believes that valuing people begins by providing a safe workplace and protecting the environment. In this regard, we are committed to excellence in employee safety, environmental management and stewardship.

A renewed focus by Inventis has been placed upon the role of effective occupational safety and health management as a contributor to organisational due diligence. As part of our corporate social responsibility we have put effective occupational safety and health strategic plans and performance objectives in place. These are designed to engage all employees in improving workplace safety and health while also providing an improved intervention program.

Also for a number of years now, our Company has been continuing to pursue corporate policies to minimise workplace injury and any environmental effects caused by our business group's operations, consistent with OH&S practices, Workcover requirements, and the principles of sustainable management set down in legislation. Inventis therefore believes that it complies in all material respects with existing occupational health and safety requirements, as well as, environmental laws and regulations applicable to it. Compliance with such requirements, laws and regulations in the past has also had no material effect on the capital expenditures, earnings or competitive position of the Company.

Last year we also reported on the steps our Company has taken as part of its overall long-term environmental initiatives. These included:

> Good Environmental Choice Australia (GECA) certification of Inca (excluding chrome based chairs), Boxta and CO2 task seating ranges and Wetherill Park manufacturing facility in Financial Year 2008

> Applications for further GECA certifications in the current financial year, including certification of product ranges across the Gregory, Damba and Vibe brands and including the Bayswater manufacturing facility

> Applications for Environmental Choice New Zealand (ECNZ) certification for our New Zealand manufacturing facility

> Training of key staff to achieve Green Building Council Professional Accreditation to ensure the division stays abreast with the latest standards in environmental management, in order to manage their application across operations in Australia and New Zealand

> Development of an ISO 14001 compliant Environmental Management System

> Change of the Furniture Group's strap line to 'Ergo-Eco Logical' from 'Ergonomic to the Core' and trade mark registration of 'Green to the Core' to reinforce the importance of environmental management and standards within the Furniture Division

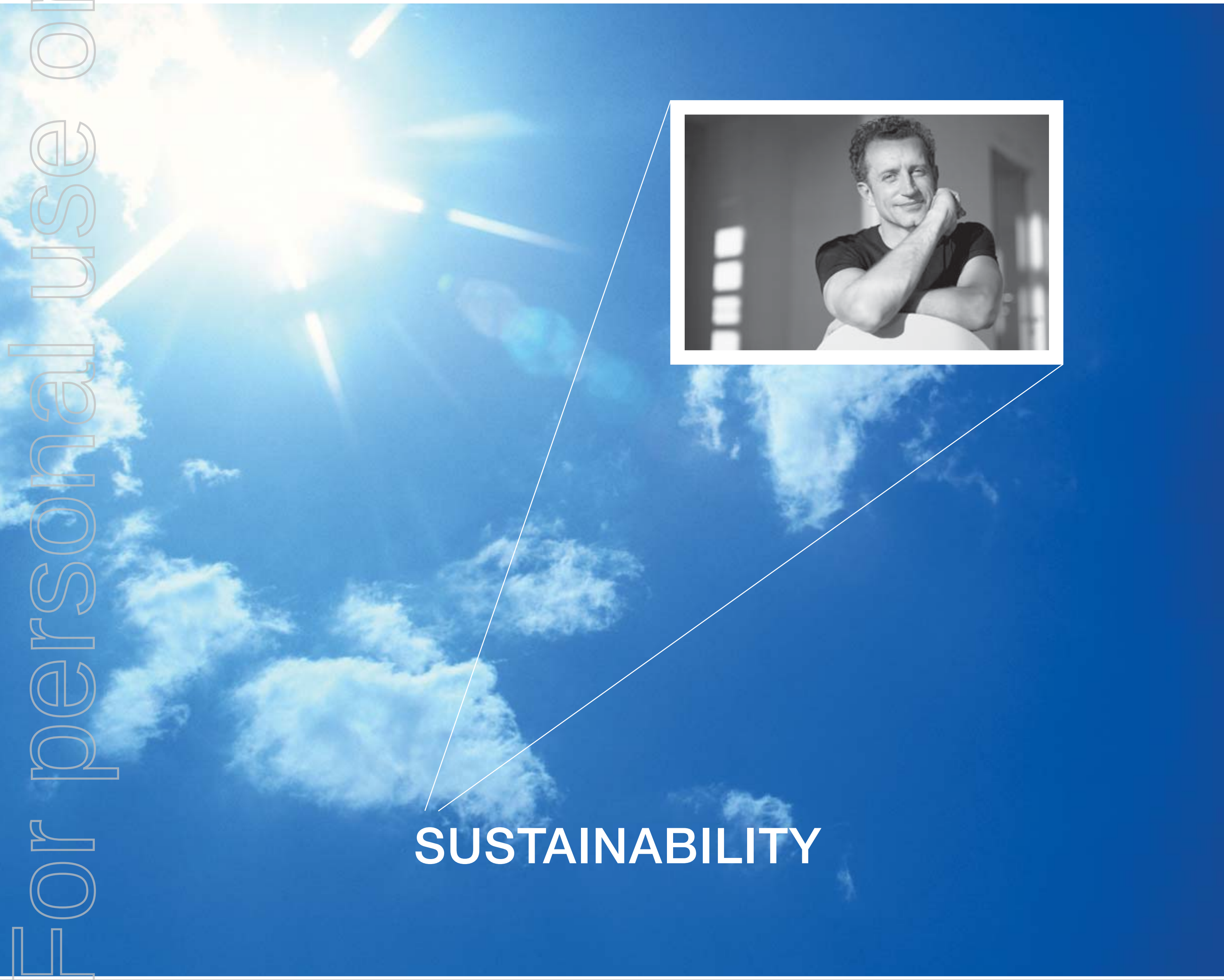
> Technology products manufactured to Restriction of Hazardous Substances (RoHS) international standards of environmental compliance

> A commitment within Technology Division product development to design energy saving, energy efficient and renewable energy products and solutions

The Company is also reaching out to mentor its suppliers on environmental, health, and safety issues.

We believe this confirms our commitment to environmental goals as well as our business objectives.

We support environmentally sustainable practices, employee safety and good corporate citizenship.



SUSTAINABILITY

ENVIRONMENTAL CHOICE AUSTRALIA

Licence No: GCF-2007
Standard: GECA 28-2006 – furniture and fittings

green building council australia
MEMBER

Tony Noun – Chairman and Group Managing Director – MBA, FAIM, FASFA, CFP, CIAM, A&CIPANZIP, Dip LI, AFA, JP

Tony has more than 25 years professional and commercial experience with a proven track record of success in managing start-up operations as well as small, medium and large national and international companies.

Tony's commercial experience, from both an investor and management perspective, spans a diverse range of industries including financial services, health care, hospitality, manufacturing as well as sales and marketing.

Tony is presently an active Director for a number of national and international companies that cover a broad range of industries and professional disciplines and brings to the Board extensive financial and corporate expertise.

Directorships held in other listed entities in the last 3 years – NIL.

Linda Barrett – Non-Executive Director – B.Comm

Linda has extensive sales, marketing, procurement and management experience in both wholesale and retail furniture. Over the last 20 years, Linda has held senior management positions with various companies including, the buying division of Harvey Norman, the furniture division for Courts (Singapore) Pty Limited and most recently as General Manager of Gregory Commercial Furniture.

Linda's experience, which includes sales, marketing, supply chain management, merchandising and general management in the furniture industry, complements the Inventis Board's skill set.

Directorships held in other listed entities in the last 3 years – NIL.

Denis Pidcock – Non-Executive Director – MBA, B.Eng

Denis has extensive experience in both senior level executive management and Non-Executive directorship roles across a wide range of industry fields in private, public and government corporations as well as considerable international involvement in Europe, the United States and South East Asia.

With a background in marketing, project design, financial and administrative management, compliance management and management of domestic and international merger and acquisition transactions, Denis brings a wealth of experience to Inventis Limited.

Directorships held in other listed entities in the last 3 years – Mariner Financial Limited since May 2009.

Charles Wright – Non-Executive Director

Charles has over 30 years experience as Chairman and Director of a number of private, not for profit and government organisations and has been instrumental in restructuring/ re-establishing a positive platform for many organisations to enhance their future direction and create stakeholder value.

Currently, he is the Chairman of Sydney based advisory services firm, Wright Corporate Group. He is also a Director of Interface Partners and Deputy Chairman of Legacy.

Charles brings to the Company a range of contacts, knowledge and skills that open doors and provide opportunities for Inventis and its range of products as well as considerable experience in a number of disciplines, including corporate strategic direction.

Directorships held in other listed entities in the last 3 years – NIL.

We bring experience, entrepreneurial spirit and a wealth of financial expertise to our Board.

The Inventis Board believes that it is essential for the Company to conduct its business affairs in accordance with the highest ethical standards and corporate governance. The Board also assumes responsibility for the integrity and objectivity of the financial information presented in this Annual Report.

On 26th November 2008 Ian Winlaw who led the Company as interim Chairman for several months ceased to be Director. We thank Ian for his contribution. We also welcome Charles Wright and Linda Barrett who join Tony Noun and Denis Pidcock on the Inventis Board.

Renuka Sharma – Company Secretary
– B.Sc (Hons), LLB, PGDCA, PGDFM, JP

Renuka Sharma was appointed to the position of Company Secretary in April 2007. Renuka has over the last 10 years held positions as Assistant Company Secretary, Company Secretary and Assistant to the Director, Finance and Administration of a number of companies in India, Australia and the United Kingdom. Prior to this she practised as an Advocate at Delhi High Court and the Supreme Court of India for 5 years.

Renuka is an Associate Member of Law Society of NSW and has recently qualified to be admitted as a Solicitor in NSW.

Renuka brings to Inventis experience in corporate secretarial, legal and financial management, and considerable experience of the creation of quality systems to ISO 9001 Standards.

Alfred Kobylanski – Chief Financial Officer
– BBus, CPA, ACIS

Alfred has some 30 years experience in finance and management within multi-national organisations both in Australia and the United Kingdom. This experience includes Manufacturing, Information Technology and Financial Services in both emerging and established markets.

Furthermore, Alfred's background in finance, general management, corporate governance as well as his knowledge of manufacturing and service organisations adds to the substantive body of knowledge already available amongst the executive team of Inventis.

We value our people, and see the quality of our senior management as a source of competitive advantage.

Robyn Himmelberg – General Manager, Technology Division – NIA, MAICD

Robyn Himmelberg was a founding Director of PNE Electronics and has over 25 years experience in the operation of electronics engineering and manufacturing, having helped to create and build a sustainable business model through an era of rapid technological and economic change.

Robyn's background is in finance, administration, and customer relations, along with a broad knowledge of operations within the manufacturing environment which is an essential strength required for the operations and strategic direction of Inventis.

Julian Measroch – General Manager, Furniture Division – M(SA)IEE, MBA

Julian has 24 years experience in General Management in a range of manufacturing businesses whose success depended on efficient operations and sound sales and marketing strategies. These include Simpson, Email, Mason and Cox Foundries, Southcorp Heating and Cooling and most recently as the General Manager of Sebel Furniture for 8 years.

Julian brings extensive knowledge and experience in manufacturing, operations, logistics, product development and procurement, coupled with a strong customer/market focus makes him an ideal leader to take our Commercial Furniture Division to the next level on its journey towards greater success.

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance. Except where specified in this statement, the Company has adopted the ASX Guidelines on 'Corporate Governance Principles and Recommendations – Second Edition'.

The Company website has a dedicated section dealing with its corporate governance on which can be found its corporate governance charter and policies.

BOARD AND MANAGEMENT

Role of the Board

The role of the Board is to provide strategic guidance for Inventis and effective oversight of its Management.

The Board meets regularly to discharge its duties and each Director has signed an appointment letter setting out his/her rights and obligations as well as certain expectations.

The main functions of the Board as stated in the Company's Board Charter are:

- Setting Inventis' vision and deciding upon its business strategies and objectives;
- Appointing the leadership to put the strategies into effect;
- Monitoring the operational and financial position and performance of Inventis;
- Identifying the principal risks faced by Inventis and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Ensuring that Inventis' financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
- Ensuring that investors and the market are fully informed of all material developments, in a timely manner;
- Appointing, and where appropriate, removing the Chairman and the Managing Director, approving other key Executive appointments and dismissals of those reporting to the Managing Director as well as planning for Executive succession;
- Overseeing and evaluating the performance of the Chairman and the Managing Director and other Senior Executives in the context of Inventis' strategies and objectives;
- Approving budgets and business plans and monitoring the progress of major capital expenditures, capital management as well as acquisitions and divestures;
- Ensuring compliance with all relevant laws, government regulators and accounting standards; and
- Ensuring that the business of Inventis and its subsidiaries is conducted openly and ethically.

Board's delegation of authority

The Board has delegated the day to day functions of the business to be performed by the Senior Executives under the guidance of the Executive Chairman.

The Board ensures that it receives weekly updates from the Executive Chairman with regard to the delegated authority.

Evaluation of performance of the Senior Executives

At the appointment stage, each Senior Executive is provided with their job description along with the appointment letter and Key Performance Indicators (KPIs) are set for measuring their performance in the probation period as well for the year ahead.

We are focused on corporate governance and committed to create value for all our shareholders.

The Nomination and Remuneration Committee has set up the performance of the General Managers and the Chief Financial Officer according to the business plans of their respective divisions and the achievement of the targets stated therein.

The respective General Managers and the Chief Financial Officer consult with the Senior Executives directly reporting to them and set the Key Performance Indicators for each of them.

In the financial year ended 30 June 2009, the performance evaluation of all the employees was conducted in June–July 2009 according to the KPIs set for each of the employee in the previous financial year.

Board and its performance

Composition of the Board and Board processes

The composition of the Board during the year ended 30 June 2009 had a majority of Directors who were independent.

(a) During the period and until the date of reporting, the composition of the Board was as follows:

   (i) From 1 June 2008 to 12 October 2008 – a Non-Executive independent Chairman, a Managing Director and two Non-Executive independent Directors. These being Ian Winlaw – a Non-Executive independent Chairman, Tony Noun – the Managing Director, Mark Turnbull and Denis Pidcock, the two Non-Executive independent Directors; and

   (ii) From 13 October 2008 to 25 November 2008 – a Non-Executive independent Chairman Ian Winlaw, Tony Noun the Managing Director and three Non-Executive independent Directors. These being Antony Mark Turnbull, Denis Pidcock and Charles Wright;

   (iii) Mark Turnbull resigned on 25 November 2008 and Ian Winlaw was not re-elected on retirement by rotation; and therefore the composition of the Board changed.

   (iv) From 26 November 2008 to 30 June 2009 – an Executive Chairman (Tony Noun) with two independent Non-Executive Directors (Denis Pidcock and Charles Wright). The Chairman does not have a right of veto under the Company's constitution.

   (v) On 3 August 2009, the Board appointed Linda Barrett to be a Non-Executive Director. Hence at the date of reporting, there are four Directors. These being Tony Noun – the Executive Chairman, Linda Barrett – Non-Executive Director, Denis Pidcock and Charles Wright as the two Non-Executive independent Directors.

(b) Each Director has the right to access all relevant Company information and the Company's Executives and, subject to prior consultation with the Chairperson and the Managing Director and after obtaining the approvals of the fee payable for the advice, may seek independent professional advice from a suitably qualified adviser at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

(c) In case of conferring in the presence of the Executive Chairman, Denis Pidcock has been appointed as a Lead independent Director to ensure that in such discussions, the Executive Director does not influence the Non-Executive Directors.

Board and its Performance cont.

Composition of the Board and Board processes cont.

(d) At the time of appointment of a Director or a Senior Executive, such Director or Senior Executive discloses all interests to the Board. The Board puts in place a plan for Management in case of any conflicts of interests. All the Directors and Senior Executives are then required to inform any change in their interests at every Board Meeting. This process assists the Board to determine the independence of a Director. The Company has put in place processes to ensure timely disclosure to the market of any changes in a Director's interest.

The Chairperson

Until 26 November 2008, the Company had a Chairperson who was an independent Director.

On 26 November 2008, the Board decided to change the structure of the Board to ensure the independence of the Board is maintained.

It was decided that for the time being the minimum number of Directors comprise the Board and the Board.

The independent Non-Executive Directors appointed the then Managing Director Tony Noun as the Chairperson. The principle recommendations 2.2 and 2.3 are not adopted by the Company at this stage. The reason being that Tony Noun has been the Managing Director and has knowledge with regard to the operations of each division of the Group and hence is competent to lead the Company in the right direction. Also, by having an Executive Chair, costs are reduced during these tough economic times.

This Chairman is accountable to the other three Directors who receive weekly reports.

In addition, Denis Pidcock has been appointed as a lead independent Director to ensure the independence of the Board is maintained.

Evaluation of the performance of the Board

The Board as a whole evaluated its performance in June 2009 and the suggestions put forward to enhance the Board performance were implemented. A continuing education program is in place under which the latest updates are provided to the Directors at each meeting. The Chairperson and the Company Secretary also advise via email to the Directors significant changes relevant to the performance of their duties as Directors or the Board as a whole.

Corporate Governance policies

Code of Conduct and Ethics

All Directors, Executives, and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the Code of Conduct and Ethics regularly and processes are in place to promote and communicate these policies.

The Code of Conduct and Ethics established by the Board is:

> To establish and maintain appropriate legal and ethical standards in dealings with business associates, advisers and regulators, competitors, employees and any other stakeholders of Inventis;

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We are ensuring our business is governed with the best interests of employees and shareholders.

- For any Director to declare any conflict of interest when it arises and Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and Directors' must withdraw themselves from any discussion pertaining to any matter in which a Director has a material personal interest. Details of Director related entity transactions with the Company and the Group are set out in the Financial Statements;
- To maintain appropriate core Company values and objectives;
- To fulfil responsibilities to shareholders by delivering shareholder value;
- To ensure the usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- To fulfil responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- To maintain employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations;
- To maintain employees privacy by the appropriate use of privileged or confidential information;
- To avoid conflicts of interest;
- To prevent Directors and Senior Executives from taking advantage of property, information or position for personal gain;
- To maintain confidentiality of corporate information;
- To ensure that the Company, Directors and all employees are fair in their dealings;
- To ensure compliance with laws; and
- To establish a basis for reporting of unethical behaviour.

Share trading policy

Directors and Senior Executives may acquire or dispose of shares in the Company, but are prohibited from dealing in Company shares:

- Except between 3 and 21 days after either the release of the Company's half-year and annual results to the Australian Securities Exchange ('ASX'), the Annual General Meeting or any other major announcement; and
- Whilst in possession of price sensitive information not yet released to the market.

Directors and Senior Executives are required to:

- Raise the awareness of legal prohibitions including transactions with colleagues and external advisers;
- Provide details of intended trading in the Company's shares;
- Provide subsequent confirmation of the trade;
- Advise of any unusual circumstances where discretions may have been exercised in cases such as financial hardship; and
- Comply with insider trading provisions of the *Corporations Act 2001*.

These requirements also apply to all Senior Officers of Inventis.

Corporate Governance policies cont.

Environmental policy

The Group is committed to achieving a high standard of environmental performance. Environmental performance is monitored by the Board and as part of this the Board:

> Sets and communicates the environmental objectives and targets of the Company;
> Monitors progress against these objectives and targets; and
> Implements environmental management plans in areas which may have a significant environmental impact.

Based on the results of enquiries made, the Board is not aware of any significant environmental issues for the period covered by this Report.

Audit and Risk Management Committee

From 1 July 2008 to 25 November 2008, the Audit and Risk Management Committee was comprised of Mark Turnbull and Ian Winlaw, each of whom was a Non-Executive independent Director. Mark Turnbull was the Chairman of this Committee and had a casting vote.

Both Mark Turnbull and Ian Winlaw had appropriate financial and business expertise to act effectively as members of the Audit and Risk Management Committee.

On 26 November 2008, due to a small Board, the Board revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Audit and Risk Management Committee.

The role of the Audit and Risk Management Committee is to provide advice and assistance to the Board to allow it to:

> Fulfil its audit, accounting and reporting obligations;
> Review the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASB's), and assessing whether the financial information is adequate for shareholder needs;
> Assess corporate risk assessment processes;
> Assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
> Provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*;
> Assess the adequacy of the internal control framework and the Company's code of ethical standards;
> Organise, review and report on any special reviews or investigations deemed necessary by the Board;
> Assess potential fraud situations and ensure prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
> Monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
> Address any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
> Review the performance of the external auditors on an annual basis.

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We have put effective controls in place to manage our resources to good effect.

Oversight of the Risk Management System

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented a Risk Management System for assessing, monitoring, and managing operational, financial reporting, and compliance risks for the Group. The Managing Director and the Chief Financial Officer have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Group, and material associates and joint ventures.

Risk profile

The Audit and Risk Management Committee reports to the Board quarterly on the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed, and appropriately managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the programs.

Major risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

The Audit and Risk Management Committee has direct access to any employee, the external auditors or any other independent experts and advisers as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

Risk management, compliance and control

The Group strives to ensure that its products are of the highest standard. Towards this aim it has undertaken a program to achieve AS/NZS ISO 9001:2000 accreditation for each of its business segments.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

> Operating unit controls – operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;

> Functional speciality reporting – key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and

> Investment appraisal – guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

> Capital expenditure and revenue commitments above a certain size obtain prior Board approval;

Audit and Risk Management Committee cont.

Risk management, compliance and control cont.

- Financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the Financial Statements;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly;
- Formal ethical standards appraisals are conducted for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

Nomination and Remuneration Committee

For the period from 1 July 2008 to 25 November 2008, the Nomination and Remuneration Committee was comprised of Denis Pidcock as Chairman and Tony Noun.

But on 26 November 2008, due to a small Board, the Board revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Audit and Risk Management Committee.

The role of the Nomination and Remuneration Committee is to provide recommendations to the Board on matters including:

- Appropriate remuneration policies and monitoring their implementation with respect to Executives, Senior Managers, Non-Executive Directors and other key employees;
- Incentive schemes designed to enhance corporate and individual performance;
- Retention strategies for Executives and Senior Management;
- Composition of the Board and competencies of Board members;
- Appointment and evaluation of the Executive Directors and Senior Executives;
- Succession planning for Board members and Senior Executives; and
- Processes for the evaluation of the performance of the Managing Director and Directors.

Currently, the selection process screening for appointment of new Directors is done by a third party and the Committee based on the Report of the third party makes a recommendation to the Board.

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to align Director and Executive objectives with shareholders and business objectives by providing a fixed remuneration

We are putting the right business policies in place to sustain and develop Inventis.

component and in many cases offering incentives based on key performance areas affecting the Group's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Group is as follows:

A. Executive Directors and Senior Executives

The remuneration policy, setting terms and conditions for the Executive Directors and other Senior Executives, was developed by the Nomination and Remuneration Committee and approved by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation and in certain instances fringe benefits, and performance incentives.

The Nomination and Remuneration Committee reviews Executive packages annually by reference to the Group's performance, Executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are offered a competitive base salary that comprises the fixed component of remuneration and rewards. Reference to external remuneration reports provides analysis to ensure base salary is set to reflect the market for a comparable role.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise at its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

In some parts of the Group commissions are paid. The commission is based upon individual and team pre-determined targets set by the General Manager of the Company concerned and are payable quarterly. Using a predetermined target ensures variable reward is only available when value has been created for shareholders and when it is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for Executives to out-perform.

B. Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Executive Directors' determine remuneration of the Non-Executive Directors and review it annually, based on market practice, duties, and accountability. Independent external advice is sought where required. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

The current base remuneration for Non-Executive Directors was last reviewed with effect from 1st January, 2008.

Nomination and Remuneration Committee Cont.

Principles used to determine the nature and amount of remuneration cont.

C. Retirement allowances

No retirement allowances exist for Directors. The Executives and Executive Directors employed on a full time basis receive a superannuation guarantee contribution as required by the Federal Government, which is currently 9%, but do not receive any other retirement benefits. Some individuals have however chosen to sacrifice part of their salary to increase payments towards superannuation.

Timely and continuous disclosure

Policies and Processes in place with regard to continuous disclosure

The Company has following processes in place to ensure continuous disclosure in a timely manner:

> Director Disclosure Agreements – the Company has entered into Director Disclosure Agreements as per the Guidance Note 26 of ASX Listing Rules. Each Director understands that in case of change of any interest, he/she has to inform the Company within 3 business days of such change;

> Monthly Disclosure – at each monthly Board meeting, the Directors are individually asked of any change in their interests to ensure that if there has been a breach of not informing the Company in time of any change, it is rectified at this stage;

> Continuous Disclosure Checklist – there is a continuous disclosure checklist process implemented in the Quality System of the Company under the Corporate Governance Procedure. This checklist is comprehensive and enables the Executives to check whether any event or happening of any event is to be disclosed to the market or not at any particular moment of time.

> Training – a new measure of provision of training has been introduced to ensure that all Executives know their responsibilities with regard to confidentiality, timely disclosure, insider trading, trading policy and other relevant corporate governance matters.

Shareholder communication

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

> The Managing Director, the Chief Financial Officer and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX;

> All matters that are of a nature as to reasonably expect that they would affect the price of the Company's shares are advised to the ASX on the day they are discovered, and all Senior Executives must follow a 'Continuous Disclosure

We fully understand our responsibilities, as well as the key operational aspects of our business.

Discovery' process, which involves monitoring all areas of the Group's internal and external environment;

- The Half-yearly Report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it. The full Annual Financial Report is available to all shareholders should they request it;
- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- The full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- The external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration Report, and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

CONTENTS

WE ASSUME RESPONSIBILITY FOR THE INTEGRITY AND OBJECTIVITY OF FINANCIAL INFORMATION PROVIDED.

FINANCIAL DISCLOSURE

INDEX

The Directors present their report together with the financial report of Inventis Limited ('the Company') and of the Group, being the Company and its subsidiaries, for the financial year ended 30 June 2009 and the auditor's report thereon.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the manufacture and sale of commercial furniture, electronic controllers and computers. The prior year also included the manufacture and sale of two seater trainer aircraft.

2. OPERATING AND FINANCIAL REVIEW FOR LAST 5 YEARS

	2009	2008	2007	2006	2005
Net profit/(loss) attributable to equity holders of the parent ($)	3,005,451	(24,871,002)	614,576	1,560,327	559,990
Basic EPS	2.8c	(22.03)c	0.91c	3.5c	1.4c
Dividends paid ($)	-	-	657,029	-	125,259
Dividends per share	-	-	1c	-	1c

The amounts disclosed above for the years 2005-2009 have been extracted from financial statements, prepared under International Financial Reporting Standards (IFRS).

3. REVIEW OF FINANCIAL CONDITION

Capital structure

As at the balance date the number of shares on issue was 103,983,735 (2008: 112,992,147) and as of the date of filing this report the number of shares on issue were 103,983,735. At the balance date the share capital of the Consolidated Group stood at $27,720,907 (2008: $31,356,602) and net equity stood at $7,508,045 (2008: $8,493,536).

Liquidity and funding

As at the balance date, cash and cash equivalents on hand of the Consolidated Group stood at $233,365 (2008: $354,732).

Total current assets stood at $13,046,868 (2008: $15,839,492) and current liabilities stood at $14,588,397 (2008: $15,590,008) making the liquidity ratio 0.89 (2008: 1.02). Included in the current assets are assets classified as held for sale of $2,157,383 (2008: $3,131,001) and in current liabilities are liabilities classified as held for sale $6,212,633 (2008: $5,877,804) when these amounts have been excluded the liquidity ratio is 1.30 (2008: 1.31).

The Group has available to it $4.2 million in funding of which $3.7 million has been activated and as at the balance date $0.5 million, was unused. Subsequent to the year end, a further $1.0 million of funding has been offered by Westpac, the Company's existing bankers.

Cash flows from operations

In the financial year net cash outflows of the Consolidated Group from operating activities was $283,902 compared to net cash outflows from operating activities in 2008 of $2,838,900.

Net cash outflows from investing activities during the financial year were $17,000 (2008: Outflows $767,931) of which nil (2008: $236,427) was for acquisitions, $158,000 (2008: $823,155) for purchase of plant and equipment and $859,000 (2008: $126,405) was expended on development.

In the financial year there was a net decrease in cash and cash equivalents of $121,405 (2008: $1,090,236).

4. REVIEW OF PRINCIPAL BUSINESSES

A commentary on the two operating divisions is set out below:

Technology Division

The Technology Division's revenue was $13.3 million for this year which was on par with the same period last year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation and impairment losses) was $2.7 million this year which is $1.3 million above the same period last year.

4. REVIEW OF PRINCIPAL BUSINESSES CONT.

Furniture Division

The Commercial Furniture Division's revenue was $16.7 million for this year which is $7.7 million below the same period last year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation and impairment losses) was $0.5 million this year which is $0.6 million below the same period last year.

Financial review

The consolidated results for the financial year ended 30 June 2009 is:

(In thousands of AUD)	2009 $	2008 $
Sales continuing operations	29,979	37,417
Sales discontinued operations	1,281	1,124
Loss from continuing operations after tax	(55)	(1,803)
Profit/(loss) from discontinued operation after tax	3,060	(23,068)
Profit/(loss) after tax for the period	3,005	(24,871)

The Group's Net Profit After Tax for the period was $3.0 million which included the profit relating to the Aviation Division of $3.06 million.

Segmented results

Segmental information for the year ended 30 June 2009 is:

(In thousands of AUD)	Sales $	EBITDA $
2009 Actuals		
Furniture Division	16,718	524
Technology Division	13,261	2,375
Corporate Division	-	(1,961)
Total continuing operations	29,979	938
Discontinued operations (Aviation Division)	1,281	(3,613)
	31,260	(2,675)

Strategy and future performance

The Board and Senior Management have established a clear strategy to restore the long-term profitability of the Group and to re-establish its ability to deliver sustained shareholder value. The major focus now for the Group is to substantially lower its cost of production and increase its profits and operating cash flow.

5. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year were:

Tony Noun MBA, FAIM, FASFA, CFP, CIAM, A&CIPANZIP, Dip LI, AFA, JP
Chairman and Group Managing Director
Elected as Executive Chairman on 26 November 2008

Tony Noun has more than 25 years professional and commercial experience with a proven track record of success in managing start-up operations as well as small, medium and large national and international companies.

Tony's commercial experience, from both an investor and management perspective, spans a diverse range of industries including financial services, health care, hospitality, manufacturing as well as sales and marketing.

Tony is presently an active Director for a number of national and international companies that cover a broad range of industries and professional disciplines and brings to the Board extensive financial and corporate expertise.

Directorships held in other listed entities in the last 3 years – NIL.

Denis Pidcock MBA, B.Eng
Independent Non-Executive Director

Denis has extensive experience in both senior level executive management and Non-Executive directorship roles across a wide range of industry fields in private, public and government corporations as well as considerable international involvement in Europe, the United States and South East Asia.

With a background in marketing, project design, financial and administrative management, compliance management and management of domestic and international merger and acquisition transactions, Denis brings a wealth of experience to Inventis Limited.

Directorships held in other listed entities in the last 3 years – Mariner Financial Limited since May 2009.

Charles Wright
Independent Non-Executive Director
Appointed as Director on 13 October 2008

Charles has over 30 years experience as Chairman and Director of a number of private, not for profit and government organisations and has been instrumental in restructuring/re-establishing a positive platform for many organisations to enhance their future direction and create stakeholder value.

Currently, he is the Chairman of Sydney based advisory services firm, Wright Corporate Group. He is also a Director of Interface Partners and Deputy Chairman of Legacy.

Charles brings to the Company a range of contacts, knowledge and skills that open doors and provide opportunities for Inventis and its range of products as well as considerable experience in a number of disciplines, including corporate strategic direction.

Directorships held in other listed entities in the last 3 years – NIL.

Linda Barrett B.Comm
Non-Executive Director
Appointed as Director effective 3 August 2009
Not considered as Independent, held a Senior Executive position in the Company in 2008-09

Linda has extensive sales, marketing, procurement and management experience in both wholesale and retail furniture. Over the last 20 years, Linda has held senior management positions with various companies including, the buying division of Harvey Norman, the furniture division for Courts (Singapore) Pty Ltd and most recently as General Manager of Gregory Commercial Furniture.

Linda's experience, which includes sales, marketing, supply chain management, merchandising and general management in the furniture industry, complements the Inventis Board's skill set.

Directorships held in other listed entities in the last 3 years – NIL.

Ian Winlaw M.Comm, FCA
Independent Non-Executive Director
Not re-elected at the AGM of 26 November 2008

Ian Winlaw is an accountant with his own practice in Sydney. In addition to this practice he has been a professional company director since 1973.

Important roles include joining the board of Cloncurry Mining Limited prior to its float in 1992 and seeing that company develop from the exploration stage to commissioning of one of the first SX/EW copper plants in Australia.

Ian is a former Director of ASX listed Axiom Mining Limited and Integrated Research Limited and is Chairman of Australian Alpaca Fleece Limited, an unlisted public company.

Directorships held in other listed entities in the last 3 years:

> Integrated Research Limited October 2000–December 2006
> Axiom Mining Limited August 2006–April 2007

5. DIRECTORS CONT.

Antony Mark Turnbull
Independent Non-Executive Director
Resigned as Director on 25 November 2008

Mark has 20 years commercial experience working on both sides of the Tasman. Mark is the Managing Director of Designworks, a brand consultancy based in New Zealand and Australia. Over the 12 years, under his leadership, Designworks has become a leader in building brands for Australasian Companies on the world stage with an impressive client list that includes AGL, Coca-Cola, Air New Zealand and Westpac.

Mark's hands-on experience in growing and developing businesses at an operational level, together with his experience in working for a holding company that has a diverse range of businesses will certainly assist with Inventis' growth and development moving forward.

Directorships held in other listed entities in the last 3 years – NIL.

Graeme Edwards MPS, PhC
Non-Executive Director
Appointed as Alternate Director to Mark Turnbull on 30 March 2008
Resigned as Alternate Director on 27 August 2008

Not considered independent as was a substantial shareholder of the Company. Graeme Edwards is a prominent businessman who has been a Director of a number of public and private companies involved in a variety of industries in Australia and New Zealand.

Graeme has a reputation for restructuring and establishing new companies by applying good business practices and motivating people so that the companies become successful and profitable.

Graeme has been instrumental in the success of a number of companies including Argyle Properties and Prime Retail Group, which owns and manages a number of major property investments including shopping centres throughout New Zealand; and Alloy Yachts International Limited which is now a world leader in top line luxury mega yachts with a 10% share of the global market.

Directorships held in other listed entities in the last 3 years – NIL.

David Richards
Appointed as Alternate Director to Tony Noun on 16 April 2007
Resigned as Alternate Director on 5 September 2008

Not considered independent as is a substantial shareholder of the Company.

David Richards obtained his degree in Electrical Engineering in 1983. He was an electronics development engineer with General Electric before becoming Engineering Manager in an associated company set up to undertake design and manufacture of electronic controls in appliances utilising the latest microcomputer technology.

This gave the basis for David to form PNE based upon carrying out the design and marketing in Australia, manufacturing in Singapore and later Malaysia. David was a founding member of PNE and has been Managing Director of PNE since its inception. David has many years of design and manufacturing experience in electronics and electromechanical devices both here in Australia and overseas, particularly Asia. David has developed a highly technical marketing skill that enables PNE to obtain opportunities to develop and supply to many of the top Australia OEM manufacturers.

Directorships held in other listed entities in the last 3 years – NIL.

6. COMPANY SECRETARY

Renuka Sharma B.Sc (Hons), LLB, PGDCA, PGDFM, JP

Renuka Sharma was appointed to the position of Company Secretary in April 2007. Renuka has over the last 10 years held positions as Assistant Company Secretary, Company Secretary and Assistant to the Director, Finance and Administration of a number of companies in India, Australia and the United Kingdom. Prior to this she practised as an Advocate at Delhi High Court and the Supreme Court of India for 5 years.

Renuka brings to Inventis experience in corporate secretarial, legal and financial management, and considerable experience of the creation of quality systems to ISO 9001 Standards.

7. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board Meetings		Audit and Risk Management Committee Meetings		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B
T Noun	17	17	2	2	-	-
D Pidcock	17	17	1	1	-	-
C Wright	13	13	2	2	-	-
G Edwards	-	-	-	-	-	-
I Winlaw	6	7	1	1	-	-
D Richards	-	-	-	-	-	-
M Turnbull	5	6	1	1	-	-

A Number of meetings attended
B Number of meetings held during the time the Director held office during the year

The external auditor met with the Board once during the year without management being present.

With effect 26 November 2008, the Board revoked the delegation to the sub-committees and undertook the tasks of the committees.

8. DIRECTORS' INTERESTS

The relevant interest of each Director that held office during the year in the ordinary shares issued by Inventis Limited, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at 30 June 2009 is as follows:

	Number of Ordinary Shares				
	30 June 2008	Acquired	Sale/Transfer	Cancelled	30 June 2009
Mr Tony Noun	950,000	4,232,952	(750,000)	-	4,432,952
Mr Graeme Edwards	7,351,648	-	(5,513,736)	(1,837,912)	-
Mr Ian Winlaw	50,000	-	(50,000)	-	-
Mr David Richards	10,291,983	6,460,604	(3,298,173)	-	13,454,414

9. REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Additional Disclosures

A. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to align Director and Executive objectives with shareholders and business objectives by providing a fixed remuneration component and offering incentive based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Group is as follows:

9. REMUNERATION REPORT (AUDITED) CONT.

A. Principles used to determine the nature and amount of remuneration cont.

The remuneration policy, setting terms and conditions for the Executive Directors and other Senior Executives, was developed by the Nomination and Remuneration Committee and approved by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives. The Nomination and Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's recommendations. Any changes are justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Directors' determine payments to the Non-Executive Directors and review their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought where required. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2008.

All remuneration paid to Directors is valued at the cost to the Group and expensed.

Retirement allowances for Directors

No retirement allowances exist for Directors.

Executive pay

The Executive pay and reward framework has three components:

> Base pay and benefits
> Short-term performance incentives
> Other remuneration such as superannuation.

The combination of these comprises the Executive's total remuneration. The Group has activated its long-term equity linked performance incentives specifically for Executives with effect from 1 July 2008. No long-term equity linked performance incentives were available prior to 1 July 2008.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the Executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for Senior Executives is reviewed annually to ensure the Executive's pay is competitive with the market. An Executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any Senior Executives' contracts.

Benefits

Executives receive benefits including car allowances.

Retirement benefits

The Directors and Executives receive a superannuation guarantee contribution required by government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Short-term incentives

If the Group achieves a pre-determined profit target set by the Board, a short-term incentive (STI) pool is available to Executives during the annual review. Cash incentives (bonuses) are payable on 30 September each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for Executives to out-perform.

The Group has a bonus incentive scheme for individual management employees. This is broadly based on the achievement of the Group profit objectives and the achievements of the individual Key Performance Indicators (KPIs).

Consequences of performance on shareholders wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regards to the following indices in respect of the current financial year and the previous four financial years.

	2009	2008	2007	2006	2005
Net profit/(loss) attributable to equity holders of the parent ($)	3,005,451	(24,871,002)	614,576	1,560,327	559,990
Basic EPS	2.8c	(22.03)c	0.91c	3.5c	1.4c

Net profit is considered as one of the financial performance targets in setting Short Term Incentives (STI). Net profits amounts for 2005 to 2009 have been calculated in accordance with Australian Accounting Standards (AASBs).

Dividends, share price and return on capital are not considered in setting STI. The overall level of Key Management Personnel's compensation takes into account the performance of the Group over a number of years.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the Key Management Personnel of the Company are set out in the following tables.

The Key Management Personnel of the Group include the Directors listed in the Directors' Report and the following Executive Officers:

Consolidated Entity:

Robyn Himmelberg – General Manager, Inventis Technology Pty Limited.

Linda Barrett – General Manager, Gregory Commercial Furniture Pty Limited during the year

Tim Whiteside – Ex-General Manger, Gregory Commercial Furniture Pty Limited during the previous year

Parent Entity:

Alfred Kobylanski – Chief Financial Officer

Renuka Sharma – Company Secretary

9. REMUNERATION REPORT (AUDITED) CONT.

B. Details of remuneration cont.

		Short Term Employment Benefit					Post-employment	Other Long Term		
		Salary & Fees $	Other Benefits[1] $	Cash & Bonus[2] $	Monetary Benefits[1] $	Total $	Super-annuation Benefits $	Long Service Leave $	Total Including Benefits $	Proportion of Remuneration Performance Related %
Non-Executive Director										
Graeme Edwards	2009	500	-	-	-	500	-	-	500	-
Resigned as Alternate Director on 27 August 2008	2008	69,677	-	-	-	69,677	-	-	69,677	-
Ian Winlaw	2009	35,719	-	-	-	35,719	3,215	-	38,934	-
Not re-elected at AGM on 26 November 2008	2008	75,067	-	-	-	75,067	5,433	-	80,500	-
Antony Mark Turnbull	2009	12,000	-	-	-	12,000	-	-	12,000	-
Non-Executive Director from 30 March 2008 to 25 November 2008	2008	12,000	-	-	-	12,000	-	-	12,000	-
Denis Pidcock	2009	50,005	-	-	-	50,005	4,500	-	54,505	-
	2008	-	-	-	-	-	-	-	-	-
Charles Wright	2009	24,500	-	-	-	24,500	-	-	24,500	-
Appointed Non-Executive Director on 13 October 2008	2008	-	-	-	-	-	-	-	-	-
Executive Directors										
Tony Noun	2009	200,000	-	-	-	200,000	22,360	-	222,360	-
Appointed Executive Chairman 26 November 2008	2008	345,607	-	-	-	345,607	29,716	-	375,323	-
David Richards (Inventis Limited)	2009	-	-	-	-	-	-	-	-	-
Alternate Director from 17 April 2007 to 5 September 2008	2008	-	-	-	-	-	-	-	-	-
David Richards (Inventis Technology Pty Ltd)	2009	169,814	-	-	9,142	178,956	15,283	-	194,239	-
Alternate Director from 17 April 2007 to 5 September 2008	2008	169,814	-	-	11,143	180,957	16,582	-	197,539	-
Other Key Management Personnel										
Alfred Kobylanski	2009	154,750	-	-	-	154,750	20,250	-	175,000	-
Chief Financial Officer Appointed on 8 October 2007	2008	102,191	-	-	-	102,191	9,401	-	111,592	-
Robyn Himmelberg	2009	180,000	-	-	7,051	187,051	15,000	-	202,051	-
General Manager – Inventis Technology. Appointed on 13 March 2008	2008	130,464	-	-	6,281	136,745	9,542	17,922	164,209	-
Linda Barrett	2009	240,000	23,000	-	-	263,000	22,000	-	285,000	-
General Manager – GCF Appointed on 17 March 2008	2008	77,230	-	-	-	77,230	6,460	-	83,690	-

		Short Term Employment Benefit					Post-employment	Other Long Term		
		Salary & Fees	Other Benefits[1]	Cash & Bonus[2]	Monetary Benefits[1]	Total	Super-annuation Benefits	Long Service Leave	Total Including Benefits	Proportion of Remuneration Performance Related
		$	$	$	$	$	$	$	$	%
Other Key Management Personnel Cont.										
Tim Whiteside	2009	-	-	-	-	-	-	-	-	-
Resigned on 6 December 2007	2008	101,429	-	-	-	101,429	7,679	-	109,108	-
Renuka Sharma	2009	73,269	720	-	-	73,989	6,594	-	80,583	-
	2008	69,960	-	-	-	69,960	6,296	-	76,256	-

1. None of the Directors or other Key Management Personnel received termination benefits or share based payments.
2. As the Company did not meet its stated objectives for the year ended 30 June 2009, no bonus was paid to the Executive Directors.

C. Service agreements

It is the Group's policy that service contracts for Key Management Personnel, excluding the Company Secretary, are unlimited in term but capable of termination on 3 months' notice and that the Group retains the right to terminate the contract immediately, by making payment equal to 3 months' pay in lieu of notice except in case of misconduct.

The Group has entered into service contracts with each Key Management person excluding the Managing Director and Executive Chairman, and the Company Secretary, that are capable of termination on three months' notice. The Group retains the right to terminate a contract immediately by making payment equal to three months' pay in lieu of notice except in the case of misconduct. The Key Management Personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contracts outline the components of compensation paid to the Key Management Personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the Senior Executive and any changes required to meet the principles of the compensation policy.

Tony Noun is the Managing Director and Executive Chairman of Inventis and he received remuneration in accordance with an agreement dated 1 January 2007. This has been subsequently been modified on a pro-rata basis. As at the date of this Report the remuneration is set at $222,360 per annum and the agreement is subject to three months' notice period either way.

Robyn Himmelberg is the General Manager of Inventis Technology Pty Limited and receives remuneration in accordance with a contract of employment dated 24 February 2006 as amended by letters of 3 July 2006 and 7 February 2008. As at the date of the Report the salary package is $210,000 per annum with a further $100,000 bonus at risk and the contract is subject to three months' notice period either way.

David Richards is the Technical Services Manager of Inventis Technology Pty Limited and was an Alternate Director to Tony Noun. David receives remuneration in accordance with a contract of employment dated 24 February 2006 as amended by letter of 3 July 2006. As at the date of this Report the salary package is $200,097 per annum with a further $100,000 bonus at risk and the contract is subject to three months' notice period either way.

During the 2008 year Richard Sealy was a consultant to Inventis and his consulting company, Sealy Consulting Services Limited received a consulting fee of $22,083.33 per month until his resignation on 13 March 2008, pursuant to a consulting contract dated 1 March 2007 and the contract was subject to three months' notice period either way. The consulting contract provided for relocation expenses from New Zealand to Australia to be paid by Inventis.

Renuka Sharma, Company Secretary, has a contract of employment with the Company. This contract is for an unlimited term and is capable of termination on one months' notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

9. REMUNERATION REPORT (AUDITED) CONT.

D. Additional disclosures

Directors' and Executive Officers' Compensation Parent Entity and Group

Details of the nature and amount of each major element of compensation of each Director of the Parent Company and the Group and each of the five named Company Executives and relevant Group Executives who receive the highest remuneration and other Key Management Personnel are set out in the tables on the previous page.

Non-Executive Directors

Total compensation for all Non-Executive directors, last voted upon by shareholders at the 2004 AGM, is not to exceed $250,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently set at a maximum of $48,000 per annum, with the Non-Executive Chairperson receiving $96,000 per annum. However, the Chairperson is the Managing Director and he is not being paid any additional fees. Also some of the Directors have agreed to be paid less than the amount set.

Non-Executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of one committee. Currently there are no sub-committees to the Board.

Options

Inventis has established an Employee Performance Option Plan (EPOP) to assist in the attraction, retention, and motivation of employees, Senior Executives and Executive Directors of Inventis and its subsidiaries. The EPOP is not available to the Non-Executive Directors of Inventis.

The EPOP is administered by the Board which may determine:

- Which Executives and employees are eligible to participate;
- The criteria relevant to the selection of eligible Executives and employees;
- The ineligibility of an Executive or employee to participate in the EPOP if in the Board's opinion participation by that Executive or employee would constitute a breach of the rules of EPOP, or of the Company's Constitution, or of the ASX Listing Rules, or of any law of any jurisdiction;

A person eligible for participation in the EPOP means either a person who is an employee of Inventis or any of its associated entities as an Executive or an employee on a full-time or part-time basis and is declared by the Committee to be eligible to participate in the EPOP;

The EPOP was activated with effect from 1 July 2008. No options have been granted to date in the period to the date of this Report.

10. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 24 November 2008, the Company concluded 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 Limited. This was undertaken in accordance with the original transaction pursuant to the terms and conditions of the Sale and Purchase Agreement.

11. DIVIDENDS

No dividend has been declared or paid relating to the current year.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year 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 Company, 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.

13. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreed to indemnify the current Directors of the Company, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums of $18,085 in respect of Directors' and Officers' liability insurance for current and former Directors and officers of the Company. The insurance premiums relate to:

> costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

> other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual Officers of the Company.

14. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility for and on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 18 and forms part of the Directors' Report for financial year ended 30 June 2009.

16. 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.

This report is made with a resolution of the Directors:

Tony Noun
Director

Charles Wright
Director

Dated at SYDNEY this 30 day of September 2009

KPMG

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 audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney

30 September 2009

(In thousands of AUD)	Note	Consolidated Entity 2009	2008	Company 2009	2008
		$	$	$	$
Continuing operations					
Revenue		**29,979**	**37,417**	**-**	**-**
Cost of sales		(16,802)	(22,165)	-	-
Gross profit		**13,177**	**15,252**	**-**	**-**
Other income		155	107	-	455
Expenses					
Manufacturing and operations		(3,129)	(4,746)	-	-
Engineering and quality assurance		(1,075)	(1,694)	(11)	(82)
Administration		(4,637)	(7,287)	(1,972)	(24,404)
Sales and marketing		(4,287)	(4,487)	(25)	(136)
Results from operating activities	9	**204**	**(2,855)**	**(2,008)**	**(24,167)**
Finance income		51	410	9	135
Finance expense		(272)	(243)	(264)	(241)
Net finance (expense)/income	10	**(221)**	**167**	**(255)**	**(106)**
Loss before income tax		**(17)**	**(2,688)**	**(2,263)**	**(24,273)**
Income tax (expense)/benefit	11	(38)	885	717	1,180
Loss from continuing operations		**(55)**	**(1,803)**	**(1,546)**	**(23,093)**
Discontinued operation					
Profit/(loss) from discontinued operation, net of income tax	7	3,060	(23,068)	-	-
Profit/(loss) for the period		**3,005**	**(24,871)**	**(1,546)**	**(23,093)**
Earnings/(loss) per share					
Basic earnings/(loss) per share	24	2.8c	(22.03)c		
Diluted earnings/(loss) per share		2.8c	(22.03)c		
Continuing operations					
Basic loss per share	24	(0.1)c	(1.60)c		
Diluted loss per share		(0.1)c	(1.60)c		

The Notes on pages 23 to 78 are an integral part of these Consolidated Financial Statements.

(In thousands of AUD)	Note	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
		$	$	$	$
Foreign currency translation differences for foreign operations – continuing operations		(349)	(218)	-	-
Foreign currency translation differences for foreign operations – discontinued operations		(6)	(389)	- -	-
Other – rounding		-	-	2	-
Income and expense recognised directly in equity		(355)	(607)	2	-
Loss for the year from continuing operations		(55)	(1,803)	(1,546)	(23,093)
Profit/(loss) from discontinued operations		3,060	(23,068)	-	-
Profit/(loss) for the year		3,005	(24,871)	(1,546)	(23,093)
Total recognised income and expense for the period	23	**2,650**	**(25,478)**	**(1,544)**	**(23,093)**

The Notes on pages 23 to 78 are an integral part of these Consolidated Financial Statements.

(In thousands of AUD)	Note	Consolidated Entity 2009	2008	Company 2009	2008
		$	$	$	$
Assets					
Cash and cash equivalents	12	234	355	49	36
Trade and other receivables	13	5,757	7,068	5,608	6,047
Inventories	14	4,706	5,046	-	-
Prepayments		193	89	11	35
Current tax assets	16(i)	-	150	-	158
Assets classified as held for sale	8	2,157	3,131	-	-
Total current assets		**13,047**	**15,839**	**5,668**	**6,276**
Non-current assets					
Property, plant and equipment	17	2,359	2,522	190	165
Other financial assets	15	62	69	14,699	14,699
Deferred tax assets	16(iii)	1,999	1,923	700	916
Intangible assets	18	5,542	5,148	-	-
Total non-current assets		**9,962**	**9,662**	**15,589**	**15,780**
Total assets		**23,009**	**25,501**	**21,257**	**22,056**
Liabilities					
Trade and other payables	19	4,057	6,111	6,067	4,895
Interest-bearing liabilities	20	2,965	2,313	463	461
Employee benefits	22	1,353	1,288	116	44
Liabilities classified as held for sale	8	6,213	5,878	-	-
Total current liabilities		**14,588**	**15,590**	**6,646**	**5,400**
Non-current liabilities					
Interest-bearing liabilities	20	779	1,248	773	1,242
Employee benefits	22	134	169	13	12
Total non-current liabilities		**913**	**1,417**	**786**	**1,254**
Total liabilities		**15,501**	**17,007**	**7,432**	**6,654**
Net assets		**7,508**	**8,494**	**13,825**	**15,402**
Equity					
Share capital	23	27,721	31,357	36,658	40,293
Reserves	23	(563)	(208)	-	-
Accumulated losses	23	(19,650)	(22,655)	(22,833)	(24,891)
Total equity		**7,508**	**8,494**	**13,825**	**15,402**

The Notes on pages 23 to 78 are an integral part of these Consolidated Financial Statements.

(In thousands of AUD)	Note	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		33,731	42,432	-	473
Payments to suppliers and employees		(33,755)	(44,962)	(1,901)	(2,791)
Interest received		12	62	7	25
Interest paid		(272)	(395)	(264)	(241)
Income tax refund/(paid)		-	25	-	25
Net cash (used in)/from operating activities	31	**(284)**	**(2,838)**	**(2,158)**	**(2,509)**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		-	236	-	-
Payments for other financial assets		-	(69)	-	(13)
Loans to subsidiaries		-	-	2,706	1,804
Purchase of fixed assets		(158)	(823)	(69)	(168)
Development expenditure		(859)	(126)	-	-
Proceeds from sale of fixed assets and assets held for sale		1,000	14	-	-
Net cash (used in)/ from investing activities		**(17)**	**(768)**	**2,637**	**1,623**
Cash flows from financing activities					
Proceeds from issue of shares		-	2,071	-	2,071
Transaction costs paid		-	(335)	-	(334)
Proceeds from borrowings		646	1,782	-	-
Repayment of borrowings		(466)	(962)	(466)	(962)
Payment of finance lease liabilities		-	(40)	-	-
Net cash from/(used in) financing activities		**180**	**2,516**	**(466)**	**775**
Net (decrease)/increase in cash and cash equivalents		(121)	(1,090)	13	(111)
Cash and cash equivalents at 1 July		355	1,445	36	147
Cash and cash equivalents at 30 June	12	**234**	**355**	**49**	**36**

The Notes on pages 23 to 78 are an integral part of these Consolidated Financial Statements.

CONTENT OF THE NOTES TO FINANCIAL STATEMENTS

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 Suite 12, 1 Box Road, Caringbah, NSW 2229. The Consolidated Financial Statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a manufacturer of products and services including ergonomic office furniture, electronic control systems and ruggedised computing products (see Note 6 – Segment Reporting).

On 28 April 2006, the Company acquired 100% of the issued share capital of Inventis Technology Pty Limited (formerly known as PNE Electronics Pty Limited, hereinafter referred to as 'Inventis Technology') and its wholly owned subsidiaries and consideration was paid by way of exchange of shares in the Company, in exchange for all of PNE shares.

Under International Financial Reporting Standards ('IFRS'), this transaction was accounted for as a business combination. In applying the requirements of AASB 3 'Business Combinations' to the Group:

> Inventis Limited is the legal Parent Entity of the Group and presents consolidated financial information; and

> Inventis Technology, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

The consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by Inventis Technology, including the Company, and the results of these entities for the period from which those entities are accounted for as being acquired by Inventis Technology.

Issued capital

Issued capital is shown on the basis that the acquisition of Inventis Technology at 28 April 2006 by the Company was accounted for as a reverse acquisition. Issued share capital comprises of the share capital of Inventis Technology prior to the reverse acquisition, the share capital deemed to be issued as a result of the acquisition, and the share capital issued by the Company to outside shareholders after the date of the acquisition, net of costs relating to capital raising activities.

The actual number of shares on issue as disclosed in Note 23 is that of the Company.

NOTE 2

BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group and the financial report of the Company comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 30 September 2009.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following:

> property is measured at fair value; and

> financial instruments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These Consolidated Financial Statements are presented in Australian Dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the following Notes:

- Note 7 – Discontinued operations
- Note 8 – Assets and liabilities held for sale
- Note 16(ii) and (iii) – Tax assets and liabilities
- Note 18 – Intangible assets

(e) Going concern

The financial report has been prepared on the going concern basis of accounting, which assumes, with the exception of the Alpha Aviation Group of companies as acquired by Inventis (NZ) Limited ('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 year ended 30 June 2009, the Group recorded a loss after tax of $0.05 million from continuing operations (Company: $1.5 million) and a net profit of $3.0 million for the year including discontinued operations (Company: $23.1 million loss).

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

- The Group and Company are in an overall net asset position at 30 June 2009 of $7.5 million and $13.8 million respectively which includes the negative impact of Alpha Aviation.
- The Group and Company have a net deficiency in current assets of $1.5 million and $1.1 million respectively. Excluding the balances relating to Alpha Aviation, the Group would be in a net current asset position of $2.5 million at 30 June 2009. In relation to liabilities held for sale for Alpha Aviation these companies are now under receivership and Inventis has not provided any guarantees to any creditors or financiers for the liabilities of Alpha.
- Banking facilities of $4.2 million are available to the Group as at 30 June 2009. 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, $3.7 million was drawn down at 30 June 2009, leaving $0.5 million in unutilised facilities. Subsequent to the year end, a further $1.0 million of funding has been offered.
- The Directors have reviewed the cash flow forecasts relating to the remaining Furniture and Technology operations and believe that there will be sufficient cash inflows and facilities available to enable the Company to fund its operations for at least 12 months from the date that these financial statements have been approved.

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 and the Company will be able to pay its debts as and when they become due and payable through positive cash flows and available facilities. Accordingly, no adjustments have been made to the financial report 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 or Company not continue as going concerns.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies set out have been applied consistently to all periods presented in these Consolidated Financial Statements, and have been applied consistently by Group entities.

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

- AASB 8 Operating Segments

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

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. 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.

(a) Basis of consolidation

(i) 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 2009 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 entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer Note 3(a)(iii)).

(ii) Transactions eliminated on consolidation

Inter-Group transactions, balances and unrealised gains and expenses on transactions between Group companies are eliminated in preparing Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) 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.

The acquirer in a business combination is identified as the entity that obtains control of the combining entities. Control is the power to govern the financial and operating policies of the combined entity. In a business combination achieved via exchange of equity interests, when the legal subsidiary is identified as the acquirer rather than the legal parent, the business combination is accounted for as if the legal subsidiary has obtained control of the legal parent (a reverse acquisition). The legal subsidiary recognises its cost of investment and the fair values of the legal parent's identifiable net assets at the date of the combination, at their fair values.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. 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. 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.

(b) Alpha Aviation – liquidation basis of accounting

As Alpha Aviation has been placed into liquidation and receivership, the financial position and results relating to those entities at 30 June 2009 have been accounted for on a basis other than going concern in the Consolidated Financial Statements for the year ended 30 June 2009.

Accordingly, all assets and liabilities relating to these companies have been classified as current and all assets have been written-down to their estimated realisable values at 30 June 2009 and for the comparative period.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary terms is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian Dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised directly in equity.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised directly in equity in the Foreign Currency Translation Reserve.

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Accounting for finance income and expense is discussed in Note 3(o).

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(d) Financial instruments cont.

(i) Non-derivative financial instruments cont.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate, less any impairment losses.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are 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.

(e) Property, plant and equipment

(i) Recognition and measurement

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 are measured at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals of an item of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of the property, plant and equipment. These amounts are recognised in the Income Statement in 'Other Income'. When revalued assets are sold, it is Group policy to transfer the amounts included in the revaluation reserve in respect of those assets to retained earnings.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Revaluation of property

Increases in the carrying amounts arising on revaluation of Land and Buildings are credited, net of tax, to the revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in the profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

(iii) Subsequent costs

Subsequent costs are included in the assets 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.

(iv) Depreciation

Depreciation is recognised in profit and loss on a straight-line basis 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%
Furniture, fittings and equipment	11.25%	-	40%
Vehicles			22.5%
Leased plant and equipment	20%	-	33%

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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.

(f) 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 at the date of acquisition. 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.

When the excess is negative (negative goodwill) it is recognised immediately in profit or loss.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure for the Technology Division self-branded products is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in profit or loss as incurred. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) 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.

The Company, on the acquisition of Opentec Solutions Pty Limited, Impart Special Products Pty Limited, Damba Furniture Pty Limited, the business assets and liabilities of Damba New Zealand and the restructure of Gregory Commercial Furniture Pty Limited, undertook purchase price allocations and valuation of each company's intangible assets at the date of acquisition or restructure. As a result the Company has determined various amortisation lives of Intellectual Property, customer relationships and brand names associated with the acquisition of these companies.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(f) Intangible assets cont.

(iii) Intellectual Property, customer relationships and brands cont.

The amortisation lives used in the financial report are:

Gregory Commercial Furniture Pty Limited	
Brand name 'Gregory'	6 years
Intellectual Property	2 years
Opentec Solutions Pty Limited	
Intellectual Property	6 years
Customer relationships	6 years
Impart Special Products Pty Limited	
Intellectual Property	5 years
Customer relationships	5 years
Damba Furniture Pty Limited	
Customer relationships	5 years
Brand name	5 years

(iv) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(vi) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(g) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under a finance lease is depreciated over the shorter of the assets' useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

(h) Inventories

Raw materials and stores, work in progress and finished goods are measured 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 the 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.

(i) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each balance date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets (the 'cash generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Non-current assets held for sale

Disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expense in profit or loss when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(ii) 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 wage 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 of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual 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 are measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of employee benefits provision.

(iv) 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.

(v) Employee performance option plan

The Group has an Employee Performance Option Plan ('EPOP') available to assist in the attraction, retention, and motivation of employees, senior executives and Executive Directors of Inventis and its subsidiaries. The EPOP is not available to the Non-Executive Directors of Inventis. This plan has been activated with effect from 1 July 2008.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

A sale is recorded when the goods have been delivered to the customer which is when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, and amounts collected on behalf of third parties.

Revenue from services rendered is recognised in the profit or loss once the service has been rendered.

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

(n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentive payments are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction in the outstanding liability. The finance expense is allocated to each period during the lease term as to produce a constant periodic rate of interest on the remaining balance of the liability.

(o) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

> **Tax consolidation**

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 29th April 2006 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Inventis Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(p) Income tax cont.

> **Tax consolidation cont.**

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

> **Nature of tax funding arrangements and tax sharing arrangements**

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the Financial Statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(q) Goods and Services Tax

Revenue expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(r) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Income Statement is represented as if the operation had been discontinued from the start of the comparative period.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(t) 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 in Note 6. 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.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the Income Statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 Financial Statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 Financial Statements, are not expected to have a significant impact on the Consolidated Financial Statements.

- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the Income Statement and all non-owner changes in equity in a single statement) or, in an Income Statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 Financial Statements, is expected to have a significant impact on the presentation of the Consolidated Financial Statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income in a single statement of comprehensive income for its 2010 Consolidated Financial Statements.

- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 Financial Statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 30 June 2010 Financial Statements.

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements* Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 Financial Statements, are not expected to have any impact on the Financial Statements.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(u) New standards and interpretations not yet adopted cont.

- AASB 2008-7 *Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 30 June 2010 Financial Statements. The Group has not yet determined the potential effect of the amendments.

NOTE 4

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of Identifiable Intangibles acquired in a business combination are based on the criteria set out in Note 18.

(iii) Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(iv) Trade and other receivables

These amounts represent liabilities for goods and services provided by 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. The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

NOTE 5

FINANCIAL RISK MANAGEMENT

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk

This Note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how Management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and Company does not require collateral in respect of financial assets.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group and Company holds Credit Risk insurance to limit the exposure to any customer and provide protection against bad debts.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains sufficient cash, and the availability of funding through an adequate amount of committed credit facilities including invoice financing facilities totaling $3.0 million of which $3.0 million has been activated and as at the balance date $2.5 million, was used. Subsequent to year end, a further $1.0 million of funding has been offered.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group does not enter into derivatives, All market risk transactions are carried out within the guidelines set by the Board.

NOTE 5

FINANCIAL RISK MANAGEMENT CONT.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian Dollar (AUD), but also the New Zealand Dollar (NZD) and US Dollar (USD). The currencies in which these transactions primarily are denominated are AUD and NZD.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's Technology Division both purchases and sells internationally in USD. International sales and purchases are operated through USD bank accounts. This provides a natural hedge against foreign exchange risk. The Group's Furniture Division operates in the New Zealand market and thus has exposure to foreign exchange risk.

Interest rate risk

The Group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and Company's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

Inventis Limited entered into two 5 year loans with Westpac Banking Corporation on 15th May 2007 for:

> NZD584,000 at an interest rate of 9.7% being the Variable Commercial Bill Rate on a 90 day roll; and

> AUD1,229,000 at an interest rate of 9.0%. being the Variable Commercial Bill Rate on a 90 day roll.

The roll period can be 30 to 180 days as determined.

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's and the Group's business.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE 6

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.

	Furniture Division		Technology Division		Aviation (Discontinued)		Total	
(In thousands of AUD)	2009	2008	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$	$	$
Total revenue	17,746	25,872	13,261	12,997	1,281	1,124	32,288	39,993
Inter-segment revenue	(1,028)	(1,452)	-	-	-	-	(1,028)	(1,452)
Total external revenue	**16,718**	**24,420**	**13,261**	**12,997**	**1,281**	**1,124**	**31,260**	**38,541**
Interest revenue	1	4	3	5	-	3	4	12
Interest expense	5	3	3	-	328	174	336	177
Depreciation and amortisation	335	755	315	481	-	336	650	1,572
Reportable segment profit before income tax	**235**	**67**	**2,060**	**(70)**	**3,060**	**(23,068)**	**5,355**	**(23,071)**
Other material non-cash items:								
- Impairment on PPE and other assets	-	-	-	-	-	7,272	-	7,272
- Impairment on intangible assets	-	-	-	636	-	1,670	-	2,306
- Impairment of goodwill	-	304	-	76	-	11,756	-	12,136
- Warranty claim settlement	-	480	-	-	3,603	-	3,603	480
Reportable segment assets	9,022	12,657	16,304	8,385	2,157	3,131	27,483	24,173
Reportable segment liabilities	(6,070)	(7,389)	(3,890)	(2,722)	(6,213)	(5,878)	(16,173)	(15,989)

NOTE 6

SEGMENT REPORTING CONT.

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

(In thousands of AUD)	2009	2008
	$	$
Revenues		
Total revenue for reportable segments	32,288	39,993
Elimination of inter-segment revenue	(1,028)	(1,452)
Elimination of discontinued operations	(1,281)	(1,124)
Consolidated revenue from continuing operations	29,979	37,417
Profit or loss		
Total profit/(loss) for reportable segments	5,355	(23,071)
Elimination of inter-segment profits/(losses)	(49)	(67)
Elimination of discontinued operations	(3,060)	23,068
Unallocated amounts: other corporate expenses	(2,263)	(2,618)
Consolidated profit/(loss) before income tax from continuing operations	(17)	(2,688)
Assets		
Total assets for reportable segments	27,483	24,173
Eliminations and other corporate assets	(4,474)	1,328
Consolidated total assets	23,009	25,501
Liabilities		
Total liabilities for reportable segments	(16,173)	(15,989)
Elimination and other corporate liabilities	672	(1,018)
Consolidated total liabilities	(15,501)	(17,007)

(In thousands of AUD)	Reportable Segment Totals	Corporate/ Eliminations	Consolidated Total
	$	$	$
Other material items 2009 (including discontinued operations)			
Interest income	4	8	12
Interest expense	(336)	(264)	(600)
Depreciation and amortisation	(650)	(44)	(694)
Other material items 2008			
Interest income	12	32	44
Interest expense	(177)	(66)	(243)
Depreciation and amortisation	(1,572)	(22)	(1,594)
Impairment losses on PPE and other assets	(7,272)	-	(7,272)
Impairment on intangible assets	(2,306)	-	(2,306)
Impairment on goodwill	(12,136)	-	(12,136)

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

(In thousands of AUD)	Revenues 2009	Non-current Assets 2009	Revenues 2008	Non-current Assets 2008
	$	$	$	$
Australia	27,262	9,130	33,565	9,105
New Zealand	5,026	832	6,428	557
Total	**32,288**	**9,962**	**39,993**	**9,662**

Major customer

Revenue from one customer of the Group's Technology Division represents approximately $5.0 million (2008:$4.6 million) of the segment's total revenues of $13.3 million (2008:$13.0 million).

NOTE 7

DISCONTINUED OPERATION

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.

On 22 June 2009 part of the assets of the Alpha Aviation Group were sold by the Receiver and the name of the companies were changed by the Receiver from Alpha Aviation to Les Bleus. The exact nature of the disposal or the terms and conditions have not been disclosed in time for this report.

The values used to calculate the trading in the discontinued operation and disposal of assets are based upon the Receiver's reports lodged with the NZ Companies Office, cash reports provided to the Company and other information that was deemed suitable to release by the Receiver.

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 30 June 2009 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.

Warranty claim settlement – 24 November 2008

On 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited and its controlled entities ('Alpha') 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's liquidation resulted from its failure to meet projected output of aircraft and to do so at the requisite cost.

On 24 November 2008 in accordance with the Sale and Purchase Agreement the Directors concluded 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 year ended 30 June 2009.

NOTE 7

DISCONTINUED OPERATION CONT.

(In thousands of AUD)	Consolidated Entity 2009	2008
	$	$
Results of discontinued operations		
Revenue	1,280	1,124
Expenses	(1,705)	(3,345)
Profit on the disposal of assets	210	-
Impairment losses	-	(20,698)
Results from operating activities	(215)	(22,919)
Finance income	-	17
Finance expense	(328)	(166)
Net finance costs	(328)	(149)
Income tax expense	-	-
Results from operating activities, net of income tax	(543)	(23,068)
Warranty claim settlement	3,603	-
Profit/(loss) for the period	**3,060**	**(23,068)**
Basic earnings per share	2.9c	(20.43)c
Diluted earnings per share	2.9c	(20.43)c
Cash flows from discontinued operations		
Net cash used in operating activities	(1,001)	(3,775)
Net cash provided by/(used in) investing activities	1,000	(500)
Net cash provided by financing activities	-	4,290
Net cash (used in) /provided by discontinued operations	(1)	15

NOTE 8

ASSETS AND LIABILITIES HELD FOR SALE

Alpha Aviation Group is 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.

Assets classified as held for sale

	Consolidated Entity	
(In thousands of AUD)	2009	2008
	$	$
Cash and cash equivalents	306	307
Inventories	-	685
Property, plant and equipment	1,295	1,998
Trade and other receivables	556	141
	2,157	**3,131**

Liabilities classified as held for sale

	Consolidated Entity	
(In thousands of AUD)	2009	2008
	$	$
Trade and other payables	2,612	2,483
Loans and borrowings	3,601	3,395
	6,213	**5,878**

An Impairment loss of nil (2008: $11.8 million) in relation to goodwill and nil (2008: $8.9 million) 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 has been recognised in expenses in the Consolidated Income Statement. Of this impairment loss, nil (2008: $1.7 million) relates to impairment of intangibles and nil (2008: $7.2 million) relates to other assets.

NOTE 9

EXPENSES

(i) Personnel expenses

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Wages and salaries	8,375	11,999	944	1,456
Other associated personnel expenses	1,150	765	115	108
Contributions to defined contribution superannuation funds	790	918	103	142
(Decrease)/increase in liability for annual leave	(73)	(355)	19	(101)
(Decrease)/increase in liability for long-service leave	(168)	134	2	(65)
Termination benefits	46	46	-	-
	10,120	13,507	1,183	1,540

NOTE 9

EXPENSES CONT.

(ii) Profit/(loss) includes the following specific expenses

		Consolidated Entity		Company	
(In thousands of AUD)	Note	2009	2008	2009	2008
		$	$	$	$
Depreciation	17	309	321	44	22
Depreciation – discontinued operation	17	-	298	-	-
Amortisation	17, 18	385	936	-	-
Amortisation – discontinued operation	18	-	39	-	-
Research and development		1,075	1,865	-	-
Rental expense on operating leases: minimum lease payment	21	1,025	1,101	64	33
Goodwill impairment	18	-	380	-	-
Goodwill impairment – discontinued operation	18	-	11,756	-	-
Impairment of other intangibles	18	80	636	-	-
Impairment of other intangibles – discontinued operation	18	-	1,670	-	-
Impairment of financial assets		(47)	-	-	21,590
Impairment of assets – discontinued operation		-	7,272	-	-
Net profit on disposal of non-current assets		210	-	-	-

NOTE 10

FINANCE INCOME AND EXPENSE

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Interest income on bank deposits	12	44	7	25
Net foreign exchange gain	39	366	2	110
Finance income	**51**	**410**	**9**	**135**
Interest expense on financial liabilities measured at amortised cost	(272)	(243)	(264)	(241)
Finance expense	**(272)**	**(243)**	**(264)**	**(241)**
Net finance (expense)/income	**(221)**	**167**	**(255)**	**(106)**

NOTE 11

INCOME TAX EXPENSE

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Current tax expense				
Current period	336	(19)	670	893
Adjustment for prior periods	(111)	35	47	18
	225	**16**	**717**	**911**
Deferred tax expense				
Origination and reversal of temporary differences	(263)	869	-	269
Income tax (expense)/benefit	**(38)**	**885**	**717**	**1,180**

Numerical reconciliation between tax (benefit)/expense and pre-tax net (loss)/profit

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Total income tax expense				
(Loss)/profit from continuing operations excluding income tax	(17)	(2,688)	(2,263)	(24,273)
Profit/(loss) from discontinued operation excluding income tax	3,060	(23,068)	-	-
Profit/(loss) excluding income tax	3,043	(25,756)	(2,263)	(24,273)
Income tax using the Company's domestic tax rate of 30%	913	(7,727)	(679)	(7,282)
Effect of tax rates in foreign jurisdictions	(1)	(27)	-	-
Non-deductible expenses/non-taxable income	(985)	7,206	9	6,422
Adjustments for prior periods	111	(35)	(47)	(18)
Prior year tax losses now recognised	-	(302)	-	(302)
Tax expense/(benefit)	38	(885)	(717)	(1,180)

Income tax recognised directly in equity

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Income tax on income and expense recognised directly in equity	5	(75)	32	(48)
Total income tax recognised directly in equity	**5**	**(75)**	**32**	**(48)**

NOTE 12

CASH AND CASH EQUIVALENTS

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Bank balances	234	355	49	36
Cash and cash equivalents in the Statement of Cash Flows	234	355	49	36

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

NOTE 13

TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Current				
Trade receivables	5,838	7,220	2	2
Provision for impairment loss	(85)	(252)	(2)	-
Receivables due from subsidiaries	-	-	5,593	6,018
Other receivables	4	100	15	27
	5,757	7,068	5,608	6,047

(i) Bad and doubtful trade receivables

The Group has recognised a recovery of $14,556 (2008: $7,683) in respect of bad debts during the year ended 30 June 2009. The recovery has been included in 'administration expenses' in the income Statement.

The Group maintains trade receivables insurance which has an excess of $5,000 per claim and the provision for impairment loss is discussed at Note 25 which includes specific impairment provisions for bad and doubtful debt.

(ii) Other receivables

Other receivables amounts primarily comprise GST recoverable and certain balances generally arising from transactions outside the usual operating activities of the Group. Interest and /or security are not normally obtained.

(iii) Effective interest rates and credit risk

The Groups exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 25.

Receivables due from group entities are interest free and repayable in cash at call. Other receivables are non interest-bearing.

Receivables denominated in currencies other than the functional currency comprise $391,003 of trade receivables denominated in NZ Dollars (2008: $503,850) and $52,495 of trade receivables denominated in US Dollars (2008: $140,338).

NOTE 14

INVENTORIES

(In thousands of AUD)	Consolidated Entity 2009	2008	Company 2009	2008
	$	$	$	$
Raw materials and consumables	3,574	3,587	-	-
Work in progress	628	811	-	-
Finished goods	333	633	-	-
Stock In transit	171	15	-	-
Inventories stated at lower of cost and net realisable value	4,706	5,046	-	-

In the 2009 financial year raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $16.8 million (2008: $22.1 million). A write-back in the provision for impairment of $0.1 million (2008 provision increase: $0.5 million) has been recognised in relation to certain obsolete inventories.

NOTE 15

OTHER FINANCIAL ASSETS

(In thousands of AUD)	Note	Consolidated Entity 2009	2008	Company 2009	2008
		$	$	$	$
Current					
Loan to Alpha Aviation Limited (at call)	27(vii)	-	-	8,770	9,216
Provision for Impairment loss		-	-	(8,770)	(9,216)
		-	-	-	-
Non-current					
Shares in subsidiaries – at cost		-	-	14,687	14,687
Rental deposits		59	69	12	12
Other investments		3	-	-	-
		62	69	14,699	14,699

An Impairment loss of $nil (2008: $20.7 million) has been recognised in the Income Statement as a result of the Alpha Aviation Group being placed into liquidation and receivership (see Note 7). The loan is eliminated on consolidation.

NOTE 16

TAX ASSETS AND LIABILITIES

(i) Current tax assets and liabilities

The current tax asset for the Group of $nil (2008: $150,496) and for the Company of $nil (2008: $157,804) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority.

The Company tax asset includes the income tax paid by all members in the tax consolidated group.

(ii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Tax losses	1,001	838	-	-

(iii) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
(In thousands of AUD)	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$
Consolidated Entity						
Property, plant and equipment	2	(196)	(191)	-	(189)	(196)
Intangible assets	660	233	(189)	-	471	233
Inventories	54	211	-	-	54	211
Employee benefits	382	466	-	-	382	466
Bad and doubtful debts	26	81	-	-	26	81
Accruals	93	7	-	-	93	7
Other items	158	233	(220)	-	(62)	233
Tax loss carry forwards	1,224	888	-	-	1,224	888
Tax assets/(liabilities)	2,599	1,923	(600)	-	1,999	1,923
Net tax assets/(liabilities)	2,599	1,923	(600)	-	1,999	1,923
Company						
Employee Benefits	25	17	-	-	25	17
Accruals	58	107	-	-	58	107
Other	111	84	(202)	-	(91)	84
Tax loss carry forward	708	708	-	-	708	708
Tax assets/(liabilities)	902	916	(202)	-	700	916
Net tax assets/(liabilities)	902	916	(202)	-	700	916

Deferred tax assets have been recognised in relation to tax losses carried forward as Management considered it probable that future taxable profits would be available against which they could be utilised. Management based their assessment on the historical profits earned by continuing operations and future estimated profits for its operations in Australia and New Zealand by reference to profit and loss forecasts for the next 3 years.

Deferred tax assets and liabilities have been offset as there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

(iv) Movement in unrecognised deferred tax assets and liabilities during the year

(In thousands of AUD)	Balance 1 July 07	Balance 30 June 08	Additions	Balance 30 June 09
	$	$	$	$
Consolidated Entity				
Tax losses	302	838	163	1,001

The balance of the unrecognised deferred tax assets at 30 June 2009 relates to tax losses incurred by the Alpha Aviation Group of companies. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

(In thousands of AUD)	Balance 1 July 07	Balance 30 June 08	Additions	Balance 30 June 09
	$	$	$	$
Company				
Tax losses	302	-	-	-

NOTE 17

PROPERTY, PLANT AND EQUIPMENT

(In thousands of AUD)	Land and Buildings	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicle	Total
	$	$	$	$	$	$
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated Entity						
Balance at 1 July 2007	875	319	1,165	87	135	2,581
Additions	1	3	768	51	-	823
Additions from business combinations	1,496	-	3,752	166	30	5,444
Depreciation for the year	(33)	(12)	(424)	(113)	(37)	(619)
Lease amortisation	-	-	(9)	-	-	(9)
Impairment loss	-	-	(3,144)	(120)	(24)	(3,288)
Reclassification	-	(38)	(99)	82	55	-
Disposals	-	-	(5)	-	(13)	(18)
Transfer to assets held for sale	(1,276)	-	(707)	(12)	(2)	(1,997)
Effect of movements in exchange rates	(188)	(6)	(188)	(9)	(4)	(395)
Balance at 30 June 2008	**875**	**266**	**1,109**	**132**	**140**	**2,522**
At 30 June 2008						
Cost or fair value	875	291	2,099	173	212	3,650
Accumulated depreciation	-	(25)	(990)	(41)	(72)	(1,128)
Carrying amount	**875**	**266**	**1,109**	**132**	**140**	**2,522**
Company						
Balance at 1 July 2007	-	-	19	-	-	19
Additions	-	-	-	-	-	-
Additions from business combinations	-	-	168	-	-	168
Depreciation for the year	-	-	(22)	-	-	(22)
Lease amortisation	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Balance at 30 June 2008	**-**	**-**	**165**	**-**	**-**	**165**
At 30 June 2008						
Cost or fair value	-	-	189	-	-	189
Accumulated depreciation	-	-	(24)	-	-	(24)
Carrying amount	**-**	**-**	**165**	**-**	**-**	**165**

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(In thousands of AUD)	Land and Buildings	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicle	Total
	$	$	$	$	$	$
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated Entity						
Balance at 1 July 2008	875	266	1,109	132	140	2,522
Additions	-	33	65	60	-	158
Depreciation for the year	-	(11)	(243)	(30)	(25)	(309)
Reclassification	-	-	(37)	37	-	-
Disposals	-	-	(12)	-	-	(12)
Balance at 30 June 2009	**875**	**288**	**882**	**199**	**115**	**2,359**
At 30 June 2009						
Cost or fair value	875	324	2,844	495	394	4,932
Accumulated depreciation	-	(36)	(1,962)	(296)	(279)	(2,573)
Carrying amount	**875**	**288**	**882**	**199**	**115**	**2,359**
Company						
Balance at 1 July 2008	-	-	165	-	-	165
Additions	-	1	14	54	-	69
Depreciation for the year	-	-	(42)	(2)	-	(44)
Reclassification	-	32	(67)	35	-	-
Disposals	-	-	-	-	-	-
Balance at 30 June 2009	**-**	**33**	**70**	**87**	**-**	**190**
At 30 June 2009						
Cost or fair value	-	33	135	89	-	257
Accumulated depreciation	-	-	(65)	(2)	-	(67)
Carrying amount	**-**	**33**	**70**	**87**	**-**	**190**

(In thousands of AUD)	Land and Buildings	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicle	Total
	$	$	$	$	$	$
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated Entity						
Carrying amounts						
At 1 July 2007	875	319	1,165	87	135	2,581
At 30 June 2008	875	266	1,109	132	140	2,522
At 1 July 2008	875	266	1,109	132	140	2,522
At 30 June 2009	**875**	**288**	**882**	**199**	**115**	**2,359**
Company						
Carrying amounts						
At 1 July 2007	-	-	19	-	-	19
At 30 June 2008	-	-	165	-	-	165
At 1 July 2008	-	-	165	-	-	165
At 30 June 2009	**-**	**33**	**70**	**87**	**-**	**190**

NOTE 17

PROPERTY, PLANT AND EQUIPMENT CONT.

Valuations of land and buildings

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2008 revaluation was based on an independent valuation of the property performed by Macquarie Bell Pty Limited registered property valuers dated 8th January 2008.

The property will continue to have periodic valuations, at least triennially, by the external independent valuer, less subsequent depreciation for buildings. The valuation of 30 June 2009 has been reviewed by the Directors and concluded to be stated at fair value.

Leased assets

The Group leases plant and equipment under a number of finance lease agreements. The leases provide the Group with the option to purchase the equipment at a beneficial price. The leased equipment secures lease obligations (see Note 20(ii)). At 30 June 2009, the net carrying amount of leased plant and machinery was $7,177 (2008: $12,777).

Impairment loss

An Impairment loss of nil (2008: $3,287,250) has been recognised in the Income Statement on the re-measurement of the assets of the disposal group to the lower of its carrying amount and its fair value less costs to sell.

NOTE 18

INTANGIBLE ASSETS

(In thousands of AUD)	Goodwill	Patents and Trademarks	Intellectual Property	Customer Relationships	Development Costs	Total
	$	$	$	$	$	$
Consolidated Entity						
Balance at 1 July 2007	3,691	1,070	871	743	589	6,964
Additions through business combinations	11,756	-	1,941	-	-	13,697
Fair value adjustment on prior year acquisitions	(250)	180	-	70	-	-
Capitalisation of project	-	-	-	-	126	126
Impairment loss (Note 9(ii))	(12,136)	-	(2,012)	(293)	-	(14,441)
Amortisation for the year	-	(526)	(227)	(181)	(31)	(965)
Effect of movements in exchange rates	-	-	(233)	-	-	(233)
Balance at 30 June 2008	**3,061**	**724**	**340**	**339**	**684**	**5,148**
At 30 June 2008						
Cost	15,197	1,878	1,051	962	727	19,815
Accumulated amortisation and impairment	(12,136)	(1,154)	(711)	(623)	(43)	(14,667)
Carrying amount	**3,061**	**724**	**340**	**339**	**684**	**5,148**
Company						
Balance at 1 July 2007	-	-	-	-	-	-
Additions through business combinations	-	-	-	-	-	-
Fair value adjustment on prior year acquisitions	-	-	-	-	-	-
Capitalisation of project	-	-	-	-	-	-
Impairment loss (Note 9(ii))	-	-	-	-	-	-
Amortisation for the year	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Balance at 30 June 2008	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2008						
Cost	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**	**-**	**-**

NOTE 18

INTANGIBLE ASSETS CONT.

(In thousands of AUD)	Goodwill	Patents and Trademarks	Intellectual Property	Customer Relationships	Development Costs	Total
	$	$	$	$	$	$
Consolidated Entity						
Balance at 1 July 2008	3,061	724	340	339	684	5,148
Capitalisation of project	-	-	-	80	779	859
Impairment loss (Note 9(ii))	-	(80)	-	-	-	(80)
Amortisation for the year	-	(153)	(107)	(90)	(35)	(385)
Balance at 30 June 2009	**3,061**	**491**	**233**	**329**	**1,428**	**5,542**
At 30 June 2009						
Cost	15,197	1,753	1,051	1,087	1,506	20,594
Accumulated amortisation and impairment	(12,136)	(1,262)	(818)	(758)	(78)	(15,052)
Carrying amount	**3,061**	**491**	**233**	**329**	**1,428**	**5,542**
Company						
Balance at 1 July 2008	-	-	-	-	-	-
Capitalisation of Project	-	-	-	-	-	-
Impairment loss (Note 9(ii))	-	-	-	-	-	-
Amortisation for the year	-	-	-	-	-	-
Balance at 30 June 2009	-	-	-	-	-	-
At 30 June 2009						
Cost	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**	**-**	**-**

Amortisation and impairment charge

The amortisation is allocated as an expense to Administration Expenses.

Any impairment loss is recognised in the Income Statement and is allocated to Administration Expenses for continuing operations and in discontinued operations expenses.

Valuation of identifiable intangibles (at fair value)

> Customer Relationships – This has been valued on a discounted cash flow 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;

> Intellectual Property – This has been based on a discounted cash flow 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;

> Trade marks and brand names – These have also been based on a notional royalty basis and have been discounted using a weighted average cost of capital for the Company.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(In thousands of AUD)	Consolidated Entity 2009	2008
	$	$
Gregory Commercial Furniture Pty Limited	1,382	1,382
Damba Furniture Pty Limited	1,183	1,183
Impart Special Products Pty Limited	496	496
	3,061	3,061

For the following entities, the recoverable amount of the cash generating unit of each business was based on its value in use:

- Gregory Commercial Furniture Pty Limited
- Damba Furniture Pty Limited
- Gregory Commercial Furniture (NZ) Limited
- Impart Special Products Pty Limited
- Opentec Solutions Pty Limited

In the 2008 financial year, the carrying amounts of Damba Furniture Pty Limited, Gregory Commercial Furniture (NZ) Limited and Opentec Solutions Pty Limited were determined to be greater than their recoverable amounts and therefore impairment losses for goodwill have been recognised.

The carrying amounts of all other units were determined to be lower than their recoverable amounts in 2008.

There was no impairment processed in the 2009 year.

The impairment losses recognised during the year were as follows:

(In thousands of AUD)	Consolidated Entity 2009	2008
	$	$
Impairment of goodwill		
Damba Furniture Pty Limited	-	102
Gregory Commercial Furniture (NZ) Limited	-	202
Opentec Solutions Pty Limited	-	76
Alpha Aviation Group (discontinued operation)	-	11,756
	-	12,136
Impairment of Intellectual Property		
Opentec Solutions Pty Limited	-	342
Alpha Aviation Group (discontinued operation)	-	1,670
	-	2,012
Impairment of customer relationships		
Opentec Solutions Pty Limited	-	293
	-	293
Total impairment losses	**-**	**14,441**

NOTE 18

INTANGIBLE ASSETS CONT.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

2009 Value in use assumptions:

Cash flows were projected based on the Management approved forecast for the financial year ending 30 June 2010 and cash flows for further 5 year period to 30 June 2014 were extrapolated using a constant growth rate. Cash flows for the final 4 years were adjusted downwards by a further discount for uncertainty of 5-10%.

	Gregory Commercial Furniture Pty Limited	Impart Special Products Pty Limited	Damba Furniture Pty Limited	Gregory Commercial Furniture (NZ) Limited	Opentec Solutions Limited
Annual revenue growth per annum 2009–2014	3.5%	3.5%	3.5%	3.5%	3.5%
Inflation per annum	4.2%	4.2%	4.2%	4.2%	4.2%
Price growth per annum	3.5%	3.5%	3.5%	3.5%	3.5%
Cost growth per annum	3.3%	3.3%	3.3%	3.3%	3.3%
Pre-tax discount rate	12%	12%	12%	12%	12%

2008 Value in use assumptions:

Cash flows were projected based on the Management approved forecast for the financial year ending 30 June 2009 and cash flows for further 5 year period to 30 June 2013 were extrapolated using a constant growth rate. Cash flows for the final 4 years were adjusted downwards by a further discount for uncertainty of 5-10%.

	Gregory Commercial Furniture Pty Limited	Impart Special Products Pty Limited	Damba Furniture Pty Limited	Gregory Commercial Furniture (NZ) Limited	Opentec Solutions Limited
Annual revenue growth per annum 2008–2013	3.5%	3.5%	3.5%	3.5%	3.5%
Inflation per annum	4.2%	4.2%	4.2%	4.2%	4.2%
Price growth per annum	3.5%	3.5%	3.5%	3.5%	3.5%
Cost growth per annum	3.3%	3.3%	3.3%	3.3%	3.3%
Pre-tax discount rate	10.47%	10.47%	10.47%	10.47%	10.47%

The values assigned to the key assumptions represent Management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

NOTE 19

TRADE AND OTHER PAYABLES

(In thousands of AUD)	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
	$	$	$	$
Trade payables	3,363	3,558	79	-
Other trade payables	3	189	-	-
GST payable	139	291	-	-
Non-trade payables and accrued expenses	552	2,073	214	450
Loans from subsidiaries (at call)	-	-	5,774	4,445
	4,057	6,111	6,067	4,895

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 25.

NOTE 20

INTEREST BEARING LIABILITIES

This Note provides information about the contractual terms of the Company's and Group's interest-bearing loans and borrowings. For more information about the Company's and Group's exposure to interest rate and foreign currency risk, see Note 25.

(In thousands of AUD)	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
	$	$	$	$
Non-current liabilities				
Foreign exchange loan – commercial bill (NZD)	264	372	264	373
Commercial bill (AUD)	509	869	509	869
Finance lease liabilities	6	7	-	-
	779	1,248	773	1,242
Current liabilities				
Current portion of foreign exchange loan – commercial bill (NZD)	103	101	103	101
Commercial bill (AUD)	360	360	360	360
Current portion of finance lease liabilities	10	6	-	-
Debtors finance facility	2,492	1,846	-	-
	2,965	2,313	463	461

NOTE 20

INTEREST BEARING LIABILITIES CONT.

(i) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(In thousands of AUD)	Currency	Interest Rate	Year of Maturity	30 June 2009 Face Value	30 June 2009 Carrying Amount	30 June 2008 Face Amount	30 June 2008 Carrying Value
		$	$	$	$	$	$
Consolidated Entity							
Foreign exchange loan	NZD	4.21%	2012	367	367	474	474
Commercial bill line	AUD	4.73%	2012	869	869	1,229	1,229
Finance lease liabilities	AUD	8.8%–12.18%	2012	16	14	14	12
Debtors financing facility	AUD	4.93%–9.45%		2,492	2,492	1,846	1,846
Company							
Foreign exchange loan	NZD	4.21%	2012	367	367	474	474
Commercial bill line	AUD	4.73%	2012	869	869	1,229	1,229

The Bank loans are secured by a fixed and floating charge over the Group's assets with a loan carrying amount of $1,235,913 (2008: $1,703,001).

(ii) Finance lease liabilities

The Group leases various plant and equipment with a carrying amount of $13,136 (2008: $12,777) under finance leases expiring within three years. Under the terms of the leases, the Group has the option to acquire the leased assets for between a nominal value and 20% of the agreed fair value on expiry of the leases.

Finance lease liabilities of the Group are payable as follows:

(In thousands of AUD)	Future Minimum Lease Payments 2009	Interest 2009	Present Value of Minimum Lease Payments 2009	Future Minimum Lease Payments 2008	Interest 2008	Present Value of Minimum Lease Payments 2008
	$	$	$	$	$	$
Consolidated Entity						
Less than one year	10	1	9	6	1	5
Between one and five years	6	1	5	8	1	7
More than five years	-	-		-	-	-
	16	2	14	14	2	12

NOTE 21

OPERATING LEASES

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Within one year	1,041	1,093	66	66
Later than one year but not later than five years	1,123	1,198	92	158
	2,164	2,291	158	224

The weighted average interest rate implicit in the leases is approximately 12.18% (2008: 10.56%).

The Group leases a number of warehouse, factory facilities and offices under operating leases. The leases run for a period of between 2 and 5 years, with varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Some leases have an option to renew the lease after the expiry date. Lease payments are increased every year to reflect market rent.

During the year ended 30 June 2009 $1,024,823 (2008: $1,100,976) was recognised as an expense in the Income Statement in respect of operating leases.

NOTE 22

EMPLOYEE BENEFITS

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Current				
Liability for long service leave	313	446	-	-
Liability for annual leave	768	842	64	44
Other employee related	272	-	52	-
Total employee benefits – current	1,353	1,288	116	44
Non-current				
Liability for long-service leave	134	169	13	12
Total employee benefits – non-current	134	169	13	12

NOTE 23

CAPITAL AND RESERVES

(i) Reconciliation of movement in capital and reserves attributable to equity holders

(In thousands of AUD)	Share Capital	Revaluation Reserve	Foreign Currency Retranslation	(Accumulated Losses)/ Retained Earnings	Total Equity
	$	$	$	$	$
Consolidated Entity					
Balance at 1 July 2007	18,219	404	(5)	2,216	20,834
Total recognised income and expense	-	-	(607)	(24,871)	(25,478)
Issue of Ordinary Shares	13,952	-	-	-	13,952
Cancellation of shares	(480)	-	-	-	(480)
New share issue costs	(334)	-	-	-	(334)
Balance at 30 June 2008	**31,357**	**404**	**(612)**	**(22,655)**	**8,494**
Balance at 1 July 2008	31,357	404	(612)	(22,655)	8,494
Total recognised income and expense	-	-	(355)	3,005	2,650
Cancellation of shares	(3,603)	-	-	-	(3,603)
Other	(33)	-	-	-	(33)
Balance at 30 June 2009	**27,721**	**404**	**(967)**	**(19,650)**	**7,508**
Company					
Balance at 1 July 2007	27,155	-	-	(1,798)	25,357
Total recognised income and expense	-	-	-	(23,093)	(23,093)
Issue of Ordinary Shares	13,952	-	-	-	13,952
Cancellation of shares	(480)	-	-	-	(480)
New share issue costs	(334)	-	-	-	(334)
Balance at 30 June 2008	**40,293**	**-**	**-**	**(24,891)**	**15,402**
Balance at 1 July 2008	40,293	-	-	(24,891)	15,402
Total recognised income and expense	1	-	-	(1,545)	(1,544)
Cancellation of shares	(3,603)	-	-	3,603	-
Other	(33)	-	-	-	(33)
Balance at 30 June 2009	**36,658**	**-**	**-**	**(22,833)**	**13,825**

(ii) Share capital

	Ordinary Shares	
	2009	2008
On issue at the beginning of the year	112,992,147	79,799,253
Issue of Ordinary Shares	-	34,065,500
Cancellation of Ordinary Shares	(9,008,412)	(872,606)
On issue at the end of the year- fully paid	103,983,735	112,992,147

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No share options have been issued.

(iii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(iv) Revaluation reserve

The revaluation reserve relates to the revaluation of property.

(v) Dividends

No dividends were recognised in the current year by the Group.

(vi) Dividend franking account

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $1,665,332 (2008: $1,665,332) franking credits.

The 30 per cent franking credits are available to shareholders of Inventis Limited for subsequent financial years.

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

(d) Franking credits that the entity may be prevented from distributing in subsequent years.

NOTE 24

EARNINGS/(LOSS) PER SHARE

(i) Basic earnings/(loss) per share

The calculation of basic earnings per share at 30 June 2009 was based on the profits attributable to ordinary shareholders of $3,005,451 (2008: losses of $24,871,002) and a weighted average number of Ordinary Shares outstanding of 107,611,780 (2008: 112,890,255). The calculation of basic loss per share for continuing operations at 30 June 2009 was based on the losses attributable to ordinary shareholders for continuing operations of $54,642 (2008: losses of $1,802,743).

(ii) Weighted average number of Ordinary Shares

	Consolidated Entity 2009	Consolidated Entity 2008
Issued Ordinary Shares at beginning of the period	112,890,255	79,799,253
Effect of shares (cancelled)/issued	(5,278,475)	33,091,002
Weighted average number of ordinary shares at end of the period	107,611,780	112,890,255

(iii) Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2009 was based on the profits attributable to ordinary shareholders of $3,005,451 (2008: losses of $24,871,002) and a weighted average number of Ordinary Shares outstanding after adjustment for the effects of all dilutive potential Ordinary Shares of 107,611,780 (2008: 112,890,255) The calculation of diluted loss per share for continuing operations at 30 June 2009 was based on the losses attributable to ordinary shareholders for continuing operations of $54,642 (2008: losses of $1,802,743).

(iv) Profit/(loss) attributable to ordinary shareholders (diluted)

(In thousands of AUD)	Consolidated Entity 2009	Consolidated Entity 2008
	$	$
Net profit/(loss) attributable to ordinary shareholders (basic)	3,005	(24,871)
Net profit/(loss) attributable to ordinary shareholders (diluted)	3,005	(24,871)

(v) Profit/(loss) attributable to ordinary shareholders – continuing operations (diluted)

(In thousands of AUD)	Consolidated Entity 2009	Consolidated Entity 2008
	$	$
Net loss from continuing operations attributable to ordinary shareholders (basic)	(55)	(1,803)
Net loss from continuing operations attributable to ordinary shareholders (diluted)	(55)	(1,803)

(vi) Weighted average number of Ordinary Shares (diluted)

	Consolidated Entity 2009	Consolidated Entity 2008
Weighted average number of Ordinary Shares (basic)	107,611,780	112,890,255
Effect of share options on issue	-	-
Weighted average number of Ordinary Shares (diluted) at 30 June	107,611,780	112,890,255

There were no options outstanding which have a diluted effect on the weighted average number of Ordinary Shares.

NOTE 25

FINANCIAL INSTRUMENTS

(i) Credit risk

Exposure to credit risk

The carrying amount of the Group's and Company's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

		Consolidated Entity		Company	
(In thousands of AUD)	Note	2009	2008	2009	2008
		$	$	$	$
Cash and cash equivalents	12	234	355	49	36
Trade and other receivables	13	5,757	7,068	5,640	6,047
Other financial assets	15	-	-	-	-
		5,991	7,423	5,689	6,083

The Group's and Company's maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

		Consolidated Entity		Company	
(In thousands of AUD)	Note	2009	2008	2009	2008
		$	$	$	$
Australia		4,983	6,482	-	-
New Zealand		301	462	2	2
UAE		473	-	-	-
Other		81	276	-	-
	14	5,838	7,220	2	2

The Group's and Company's maximum exposure to credit risk for trade receivables at the reporting date by customer type was:

		Consolidated Entity		Company	
(In thousands of AUD)	Note	2009	2008	2009	2008
		$	$	$	$
End user customer		3,278	5,199	2	2
Distributors		1,255	1,338	-	-
Government		1,305	683	-	-
	14	5,838	7,220	2	2

The Group has four significant customers, an Australian distributor, a Government customer and two end-user customers, which accounted for $2,885,463 of the trade receivables as at 30 June 2009 (2008: $2,225,938).

The Company has a minimal exposure to credit risk for receivables as at reporting date the total value was $1,803 (2008: $1,803).

NOTE 25

FINANCIAL INSTRUMENTS CONT.

(ii) Impairment losses

The Group's and Company's receivable aging at the reporting date was as follows:

(In thousands of AUD)	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
	$	$	$	$
Consolidated Entity				
Current	3,478	-	3,084	-
Past due 30 days	1,807	-	2,965	-
Past due 60 days	288	-	538	-
Past due 90 days and over	265	85	633	252
	5,838	85	7,220	252
Company				
Current	-	-	-	-
Past due 30 days	-	-	-	-
Past due 60	-	-	1	-
Past due 90 days and over	2	2	1	-
	2	2	2	-

The movement in the allowance for impairment in respect of trade receivables in the Consolidated Group during the year was as follows:

(In thousands of AUD)	2009	2008
	$	$
Balance 1 July	252	33
Impairment loss (reversed)/recognised	(167)	219
Balance at 30 June	85	252

The impairment loss provision of $85,192 (2008: $251,672) has been determined after a specific review of all outstanding amounts greater than 90 days taking into account any likely debtors insurance claims.

The Group believes no further impairment allowance is necessary in respect of trade receivables than that already identified and provided for.

(iii) Currency risk

Exposure to currency risk

The Group's and the Company's exposure to foreign currency risk at balance date was as follows, based upon notional amounts:

	Consolidated Entity		Company	
(In thousands of Dollars)	NZD	USD	NZD	USD
30 June 2009				
Trade receivables	315	67	2	-
Secured bank loan	(367)	-	(367)	-
Trade payables	(420)	(719)		-
Net exposure	(472)	(652)	(365)	-
Estimated forecast sales	5,320	1,038	-	-
Estimated forecast purchases	(1,071)	(5,558)	-	-
Gross Exposure	3,777	(5,172)	(365)	-
30 June 2008				
Trade receivables	504	140	2	-
Secured bank loan	(474)	-	(474)	-
Trade payables	(613)	(721)	-	-
Net exposure	(583)	(581)	(472)	-
Estimated forecast sales	-	3,450	-	-
Estimated forecast purchases	(1,008)	(4,179)	-	-
Gross Exposure	(1,591)	(1,310)	(472)	-

The following significant rates applied during the year.

	Average Rate		Reporting Date Spot Rate	
	2009	2008	2009	2008
	$	$	$	$
NZD 1.00 = AUD	0.8150	0.8570	0.8046	0.7926
USD 1.00 = AUD	1.3609	1.1156	1.2324	1.0388

Sensitivity analysis

A 10 percent strengthening of the Australian Dollar against the New Zealand Dollar at 30 June would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	30 June 2009		30 June 2008	
(In thousands of Dollars)	Equity	Profit or Loss	Equity	Profit or Loss
	$	$	$	$
Consolidated Entity				
NZD	777	(237)	998	1,099

There would be no effect on the Company for either 2009 or 2008.

A 10 percent weakening of the Australian Dollar against the New Zealand Dollar as at 30 June would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTE 25

FINANCIAL INSTRUMENTS CONT.

(iv) Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest bearing financial instruments was:

(In thousands of AUD)	Consolidated Entity Carrying Amount 2009	Consolidated Entity Carrying Amount 2008	Company Carrying Amount 2009	Company Carrying Amount 2008
	$	$	$	$
Fixed rate instruments				
Financial assets:				
Cash and cash equivalents	234	355	49	36
Trade debtors and other receivables	5,757	7,068	5,640	6,047
Other financial assets	-	-	-	-
	5,991	7,423	5,689	6,083
Financial liabilities				
Trade and other payables	(4,057)	(6,111)	(6,067)	(4,895)
Finance lease liabilities	(16)	(13)	-	-
	(4,073)	(6,124)	(6,067)	(4,895)
	1,918	1,299	(378)	1,188
Variable rate instruments				
Financial liabilities:				
Debtors financing facility	(2,492)	(1,846)	-	-
Commercial bill line	(869)	(1,229)	(869)	(1,229)
Secured bank loans	(367)	(474)	(367)	(474)
	(3,728)	(3,549)	(1,236)	(1,703)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair vale through the profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have increased or decreased the Group's and Company's equity.

Cash flow sensitivity analysis for variable rate instruments.

A change of 100 basis points on the interest rates charged would have increased/(decreased) the profit and loss by the amounts shown below which is also the net cash flow affect. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

(In thousands of AUD)	Consolidated Entity Profit and Loss Increase 100bp	Consolidated Entity Profit and Loss Decrease 100bp	Company Profit and Loss Increase 100bp	Company Profit and Loss Decrease 100bp
	$	$	$	$
30 June 2009				
Variable rate instruments	(25)	25	(6)	6
30 June 2008				
Variable rate instruments	(28)	28	(19)	19

(v) Effective interest rates and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, re-priced.

(In thousands of AUD)	Average Interest Rate	Total	6 Months or Less	6–12 Months	1–2 Years	2–5 Years	More than 5 Years
		$	$	$	$	$	$
Consolidated Entity							
2009							
Fixed rate instruments							
Finance lease liabilities	12.18%	16	6	6	4	-	-
		16	6	6	4	-	-
Variable rate instruments							
Commercial bill line	5.17%	869	180	180	360	149	-
NZ secured bank loans	4.36%	367	51	51	101	164	-
Debtors financing facility	5.31%	2,492	2,492	-	-	-	-
		3,728	2,723	231	461	313	-
2008							
Fixed rate instruments							
Finance lease liabilities	10.56%	13	4	3	6	-	-
		13	4	3	6	-	-
Variable rate instruments							
Commercial bill line	7.73%	1,229	180	180	360	509	-
NZ Secured bank loans	9.67%	474	51	51	101	271	-
Debtors financing facility	9.05%	1,846	1,846	-	-	-	-
		3,549	2,077	231	461	780	-
Company							
2009							
Fixed rate instruments							
Finance leases	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Variable rate instruments							
NZ secured bank loans	4.36%	367	51	51	101	164	-
Commercial bill line	5.17%	869	180	180	360	149	-
		1,236	231	231	461	313	-
2008							
Fixed rate instruments							
Finance leases	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Variable rate instruments							
NZ secured bank loans	9.67%	474	51	51	101	271	-
Commercial bill line	7.73%	1,229	180	180	360	509	-
		1,703	231	231	461	780	-

NOTE 25

FINANCIAL INSTRUMENTS CONT.

(vi) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet, are as follows:

	2009		2008	
(In thousands of AUD)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Trade and other receivables	5,757	5,757	7,068	7,068
Cash and cash equivalents	234	234	355	355
Secured bank loans	(1,236)	(1,236)	(1,703)	(1,703)
Finance lease liabilities	(16)	(16)	-	-
Debtors financing facility	(2,492)	(2,492)	(1,846)	(1,846)
Trade and other payables	(4,057)	(4,057)	(6,111)	(6,111)

There are no differences between the fair values and the carrying amounts of the Company's assets and liabilities as shown in the Balance Sheet.

(vii) Estimation of fair values

The methods used in determining the fair values of financial instruments are disclosed in Note 4.

(viii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 30 June 2009 plus an adequate constant credit spread, and are as follows:

	2009	2008
Loans and borrowings	4.21% - 9.45%	7.15% - 10.01%
Leases	8.80% - 12.32%	8.80% - 12.32%

NOTE 26

CAPITAL AND OTHER COMMITMENTS

	Consolidated Entity		Company	
(In thousands of AUD)	2009	2008	2009	2008
	$	$	$	$
Capital expenditure commitments within twelve months	-	75	-	75

NOTE 27

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

Denis Pidcock
Antony Mark Turnbull (Resigned 25 November 2008)
Graeme Edwards (Alternate Director to Antony Mark Turnbull and resigned 27 August 2008)
Ian Winlaw (Ceased to be a Director on 26 November 2008)
Charles Wright (Appointed 13 October 2008)
Linda Barrett (Appointed 3 August 2009)

Executive Directors

Tony Noun
David Richards (Appointed As Alternate Director to Tony Noun and resigned on 5 September 2008)

Executives

Alfred Kobylanski (Chief Financial Officer)
Renuka Sharma (Company Secretary)
Robyn Himmelberg (General Manager – Technology Division)
Linda Barrett (General Manager – Furniture Division and resigned 30 July 2009)

(i) Key Management Personnel compensation

The Key Management Personnel compensation included in ‘personnel expenses’ (see Note 9(i)) is as follows:

	Consolidated Entity		Company	
(In AUD)	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	1,180,469	1,409,727	551,462	913,366
Other long term benefits	-	17,922	-	-
Post-employment benefits	109,202	96,201	56,919	55,938
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	1,289,671	1,523,850	608,381	969,304

(ii) Individual Directors’ and Executives’ compensation disclosures

Information regarding individual Directors’ and Executives’ compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors’ Report on pages 9 to 15.

The Company paid interest of $1,651 (2008: nil) to an entity associated with Mr Tony Noun.

Apart from the details disclosed in this Note, no Director has entered into a material contract with Inventis Limited or the Group since the end of the previous financial year and there were no material contracts involving Directors’ interests existing at year-end.

(iii) Loans from Key Management Personnel and their related parties

There are no loans outstanding at the reporting date to Key Management Personnel or their related parties.

NOTE 27

RELATED PARTIES CONT.

(iv) Other Key Management Personnel transactions

The Company paid rent of $108,369 (2008: $108,003) to entities associated with Mr David Richards and Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the Technology Division.

The Company paid printing of $52,719 (2008: $47,186) to an entity associated with Mrs Robyn Himmelberg.

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.

(v) 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	Sales/ Transfers	Held at 30 June 2009
Directors				
Tony Noun	950,000	4,232,952	(750,000)	4,432,952
Linda Barrett	-	347,988	-	347,988
Graeme Edwards	7,351,648	-	(7,351,648)	-
David Richards	10,291,983	6,460,604	(3,298,173)	13,454,414
Ian Winlaw	50,000	-	(50,000)	-
Richard Sealy	4,533,805	-	(4,533,805)	-
Barry Colman	14,499,383	-	(14,499,383)	-
Executives				
Alfred Kobylanski	50,000	3,100,000	-	3,150,000
Robyn Himmelberg	10,291,983	10,702,293	(8,073,389)	12,920,887
Renuka Sharma	5,000	20,000	-	25,000

	Held at 1 July 2007	Purchases	Sales/ Transfers	Held at 30 June 2008
Directors				
Tony Noun	12,961,996	10,543,897	(22,555,893)*	950,000
Graeme Edwards	4,100,000	3,251,648	-	7,351,648
David Richards	10,259,983	32,000	-	10,291,983
Ian Winlaw	50,000	-	-	50,000
Richard Sealy	2,488,150	2,045,655	-	4,533,805
Barry Colman	9,333,000	5,166,383	-	14,499,383
Executives				
Alfred Kobylanski	-	50,000	-	50,000
Robyn Himmelberg	10,259,983	32,000	-	10,291,983
Renuka Sharma	-	5,000	-	5,000

* The related party interests for Tony Noun were transferred during the year ended 30 June 2008.

(v) Movements in shares cont.

Changes in Key Management Personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue:

	Held at 1 July 2009	Purchases	Sales/ Transfers	Held at 11 Sept 2009
Directors				
Tony Noun	4,432,952	-	-	4,432,952
Linda Barrett	347,988	-	-	347,988
Executives				
Alfred Kobylanski	3,150,000	-	-	3,150,000
Robyn Himmelberg	12,920,877	-	-	12,920,877
Renuka Sharma	25,000	-	-	25,000

(vi) Non-Key Management Personnel disclosures

Subsidiaries

Interest-free loans made by the Company to its subsidiaries are repayable on demand.

The following balances were included as amounts due from/(to) other group entities:

Tax consolidation legislation

	Company	
(In AUD)	2009	2008
	$	$
Gregory Commercial Furniture Pty Limited	1,204,629	901,023
Damba Furniture Pty Limited	-	8,095
Inventis Technology Pty Limited	1,068,056	615,960
Impart Special Products Pty Limited	92,898	126,788
	2,365,583	1,651,866
Opentec Solutions Pty Limited	46,055	(250,971)
Damba Furniture Pty Limited	(26,681)	-
Vibe Furniture Pty Limited	(62,184)	(62,201)
Real Credentials Pty Limited	(7,194)	(7,194)
	(50,004)	(320,366)
	2,315,579	1,331,500

Loan to/from related parties

	Company	
(In AUD)	2009	2008
	$	$
Receivable		
Gregory Commercial Furniture Pty Limited	3,277,942	4,284,658
Gregory Commercial Furniture NZ Limited	31,720	40,777
Impart Special Products Pty Limited	-	40,714
	3,309,662	4,366,149

During the 2008 financial year the Company made a loan advance of $12,373,660 to Inventis (NZ) Limited in relation to the purchase of the Alpha Aviation Group which is repayable at call. The loan was considered to be impaired as at 30 June 2009 and 30 June 2008 due to the Alpha Aviation Group being placed into liquidation and receivership.

NOTE 27

RELATED PARTIES CONT.

(vi) Non-Key Management Personnel disclosures

Loan to/from related parties

(In AUD)	Company 2009	2008
	$	$
Payable		
Inventis Technology Pty Limited	4,819,682	3,748,397
Damba Furniture Pty Limited	244,601	240,000
Vibe Furniture Pty Limited	-	99,559
Inservis Pty Limited	6,205	-
Opentec Solutions Pty Limited	703,024	36,282
	5,773,512	4,124,238

Management fees charged to subsidiary

(In AUD)	Consolidated Entity 2009	2008	Company 2009	2008
	$	$	$	$
Gregory Commercial Furniture Pty Limited	-	-	-	268,998
Inventis Technology Pty Limited	-	-	-	143,578
Impart Special Products Pty Limited	-	-	-	42,483
	-	-	-	455,059

(vii) Transactions with other related parties

During the 2008 year, the Group acquired the Alpha Aviation Group from parties that included companies associated with the following Directors of Inventis Limited at the time of the transaction – Mr Tony Noun, Mr Barry Colman, Mr Graeme Edwards and Mr Richard Sealy. The initial purchase consideration was $11,018,853 which was settled by the issue of shares.

On 24 November 2008 in accordance with the Sale and Purchase Agreement the Directors concluded 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.

During the 2007 year the Company made a loan advance of $4,895,614 to Alpha Aviation Limited, a related party by virtue of common Directors and shareholders. The loan is repayable at call. After the acquisition of the Alpha Aviation Group in the 2008 year, a further loan advance of $4,320,457 was made by the company to Alpha Aviation Limited. The loans were considered to be impaired as at 30 June 2009 and 30 June 2008 due to the Alpha Aviation Group being placed into liquidation and receivership.

NOTE 28

GROUP ENTITIES

(i) Significant subsidiaries

The Consolidated Financial Statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Parent Entity	Significant Subsidiaries	Country of Entity	% Interest 2009	% Interest 2008
Inventis Limited	Gregory Commercial Furniture Pty Limited	Australia	100	100
	Inventis Technology Pty Limited (formerly PNE Electronics Pty Limited)	Australia	100	100
	Opentec Solutions Pty Limited	Australia	100	100
	Vibe Furniture Pty Limited	Australia	100	100
	Inventis (NZ) Limited	New Zealand	100	100
Inventis Technology Pty Limited (formerly PNE Electronics Pty Limited)	Impart Special Products Pty Limited	Australia	100	100
Gregory Commercial Furniture Pty Limited	Damba Furniture Pty Limited	Australia	100	100
	Inservis Pty Limited	Australia	33	100
Inventis (NZ) Limited	Gregory Commercial Furniture (NZ) Limited	New Zealand	100	100
	Les Bleus Limited (In receivership and in liquidation and formerly called Alpha Aviation Limited)	New Zealand	100	100
	Les Bleus Investments Limited (In receivership and formerly called Alpha Aviation Investments Limited)	New Zealand	100	100
	Les Bleus Design Limited (In receivership and formerly called Alpha Aviation Design Limited)	New Zealand	100	100
	Les Bleus Marketing Limited (In receivership and in liquidation and formerly called Alpha Aviation Marketing Limited)	New Zealand	100	100
	Les Bleus Property Limited (In receivership and formerly called Alpha Aviation Property Limited)	New Zealand	100	100
	Les Bleus Leasing Limited (In receivership and formerly called Alpha Aviation Leasing Limited)	New Zealand	100	100
Les Bleus Limited (In receivership and in liquidation and formerly called Alpha Aviation Limited)	Les Bleus Manufacturing Limited (In receivership and in liquidation and formerly called Alpha Aviation Manufacturing Limited)	New Zealand	100	100
Les Bleus Property Limited (In receivership and formerly called Alpha Aviation Property Limited)	A&CL Properties (2005) Limited (In receivership)	New Zealand	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 28

GROUP ENTITIES CONT.

(i) Significant subsidiaries cont.

In the Financial Statements of the Company investments in subsidiaries are measured at cost. The Company has no jointly controlled entities.

NOTE 29

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year 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 Company, 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.

NOTE 30

AUDITORS' REMUNERATION

	Consolidated Entity		Company	
(In AUD)	2009	2008	2009	2008
	$	$	$	$
Audit services				
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	279,513	394,136	279,513	239,672
KPMG Overseas:				
Audit and review of financial reports	42,738	69,591	-	-
	322,251	463,727	279,513	239,672
Other services	-	-	-	-
Total auditors remuneration	322,251	463,727	279,513	239,672

NOTE 31

RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

		Consolidated Entity		Company	
(In thousands of AUD)	Note	2009	2008	2009	2008
		$	$	$	$
Cash flow from operating activities					
Profit/(loss) after tax		3,005	(24,871)	(1,546)	(23,093)
Adjustment for non-cash item:					
Depreciation	17	309	620	44	22
Amortisation of leased assets	17	-	10	-	
Amortisation of intangible assets	18	385	965	-	-
Net interest (costs)/income	10	(588)	348	(257)	216
Unrealised foreign exchange gains	10	39	(110)	(1)	(110)
(Gain)/loss on sale of property, plant and equipment		(209)	(1)	-	-
Impairment losses on goodwill	18	-	12,135	-	-
Impairment losses on other assets	9	-	9,578	-	21,590
Warranty share settlement	7	(3,603)	-	-	-
Income tax expense/(benefit)	11	38	(885)	(717)	(1,180)
Operating profit before changes in working capital		(624)	(2,211)	(2,477)	(2,555)
(Increase)/decrease in trade and other receivables		(71)	922	12	(27)
(Increase)/decrease in prepayment		(104)	566	24	306
Increase/(decrease) in inventories		341	(450)	-	-
Increase/(decrease) in trade and other payables		464	(1,008)	614	125
Increase in employee benefits		(30)	(334)	(74)	(166)
Interest received		12	62	7	25
Less: interest paid		(272)	(409)	(264)	(241)
Less: income tax (paid)/refund		-	24	-	24
Net cash outflow from operating activities		**(284)**	**(2,838)**	**(2,158)**	**(2,509)**

1. In the opinion of the Directors of Inventis Limited ('the Company'):

(a) the Remuneration Report in the Directors' Report and the Financial Statements and Notes, set out on pages 39 to 44 and 47 to 103 respectively, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and

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

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors:

Tony Noun
Director

Charles Wright
Director

Dated at Sydney 30 day of September 2009.

Independent auditor's report to the members of Inventis Limited

Report on the Financial Report

We have audited the accompanying Financial Report of Inventis Limited (the Company), which comprises the Balance Sheets as at 30 June 2009, and the Income Statements, Statements of Recognised Income and Expense and Cash Flow Statements for the year ended on that date, a description of significant accounting policies and other explanatory Notes 1 to 31 and the Directors' Declaration set out on pages 47 to 104 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the 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 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. In Note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the Financial Report of the Group, comprising the Financial Statements and Notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We performed the procedures to assess whether in all material respects the Financial Report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of Inventis Limited (Continued)

Independence

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

Basis of qualified auditor's opinion

As stated in Notes 7 and 8 of the Financial Report, during the prior year, the Alpha Aviation Group of companies ("Alpha Aviation"), being wholly owned subsidiaries of the Company, were placed into liquidation and receivership. As a result, the accounting records were not adequate to permit the application of appropriate audit procedures. Accordingly, it was not possible to obtain all the information necessary to complete our audit of Alpha Aviation relating to its performance and cash flows for the year ended 30 June 2009 and its financial position at 30 June 2009 including the comparative period.

Had we been able to complete our audit of Alpha Aviation, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2009 Financial Report and Remuneration Report including the comparatives.

Qualified auditor's opinion

In our opinion, except for the effects of adjustments to the Financial Report relating to Alpha Aviation, if any, as might have been determined to be necessary had it not been for the situation described in the preceding paragraph:

(a) the Financial Report of Inventis Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in paragraph 9 of the Directors' Report for the year ended 30 June 2009. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Auditing Standards.

Independent auditor’s report to the members of Inventis Limited (Continued)

Qualified auditor’s opinion

In our opinion, except for the effects of adjustments made to the Remuneration Report relating to Alpha Aviation, if any, as might have been determined to be necessary had it not been for the situation described in the qualification paragraph above, the Remuneration Report of Inventis Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001.*

KPMG

Carlo Pasqualini
Partner

Sydney

30 September 2009

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this Report is set out below.

1. SHAREHOLDINGS (AS AT 14 SEPTEMBER 2009)

(a) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number Held
REN Nominees Pty Limited and Associates	21,400,000
Baldman Investments Pty Limited and Associates	13,454,414
Mr Gunter Himmelberg and Mrs Robyn Himmelberg and Associates	12,920,877
Draycom Investments Pty Limited and Associates	11,472,706

(b) Voting rights

Every Ordinary Share is entitled to one vote when a poll is called, otherwise each member present at the meeting or by proxy has one vote on a show of hands.

(c) Number of equity security holders

Category	Ordinary Shares
1 - 1,000	13,583
1,001 - 5,000	507,067
5,001 - 10,000	573,423
10,001 - 100,000	4,827,505
100,001 and over	98,062,157

The number of shareholders holding less than a marketable parcel of ordinary shares is 234.

(d) Securities exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney.

(e) Other information

Inventis Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. All Ordinary Shares are listed on the Australian Securities Exchange.

(f) Twenty largest shareholders

Name	No. of Ordinary Shares Held	%
REN Nominees Pty Limited	21,400,000	20.58
Baldman Investments Pty Limited	8,101,883	7.79
Mr Gunter Himmelberg and Mrs Robyn Himmelberg	6,710,043	6.45
Draycom Investments Pty Limited	5,882,449	5.66
Bungan Nominees Pty Limited	4,800,000	4.62
Himmelberg Investments Pty Limited	4,424,233	4.25
Draycom Investments Pty Limited	4,218,306	4.06
Mr David Richards and Mrs Penelope Richards	3,980,580	3.83
Baseline Professional Services Pty Limited	3,100,000	2.98
Izard Pacific Aviation Limited	2,750,464	2.65
Mr Tony Hassan Noun	2,732,952	2.63
Wyindie Holdings Limited	1,932,913	1.86
SOCIETE C E A P R	1,915,258	1.84
Mr Ross Wayne Carman amd Mrs Helen Therese Carman	1,735,951	1.67
Heartland Seventeen Investments Limited	1,491,092	1.43
Rimelton Pty Limited	1,371,951	1.32
Ms Anna Nathan and Mr Michael Benjamin	1,114,160	1.07
Dr Rebecca Mary Chin	1,000,000	0.96
Forbar Custodians Limited	1,000,000	0.96
Carman Nominees Pty Limited	924,764	0.89

(g) Offices and Officers

Tony H Noun, Executive Chairman

Denis Pidcock, Non-Executive Director

Charles Wright, Non-Executive Director

Linda Barrett, Non-Executive Director

Alfred Kobylanski, Chief Financial Officer

Julian Measroch, General Manager, Furniture Division

Robyn Himmelberg, General Manager, Technology Division

(h) Company Secretary

Renuka Sharma, Company Secretary

Principal Registered Office

Inventis Limited

Suite 12
1 Box Road
Caringbah NSW 2229

Telephone: +61 2 8578 8900
Facsimile: +61 2 9540 9731

Locations of Share Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone: +61 2 8234 5400
Facsimile: +61 2 8234 5455

Auditors

For the half year review and for the full year audit:

KPMG

10 Shelley Street
Sydney NSW 2000

Solicitors

DLA Philips Fox

201 Elizabeth Street
Sydney NSW 2000

AND

HWL Ebsworth Lawyers

Level 14, Australia Square
264-278 George Street
Sydney NSW 2000

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