Rules 4.2A.3

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2010
Previous Corresponding Reporting Period	31 December 2009

Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue from continuing operations	13,231	(1.4%)
Loss from continuing operations after tax attributable to members	(1,045)	N/A
Net Loss for the period attributable to members	(645)	N/A

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)		Not Applicable.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

During the period under review, the economic climate improved somewhat, however, the recovery being slow and patchy has continued to impact the Group as a whole and particularly the Furniture Division. Notwithstanding the aforesaid, both divisions continued to pursue their respective commercial activities and looking for opportunities that provide them with a secure and solid foundation upon which they can continue to build and grow the business.

A number of supply contracts have been awarded to the Furniture Division which will not be realised until the last quarter of this and into the next financial year. In the meantime, the Division continues to implement strategies to deal with the anticipated increase in turnover. Similarly, the Technology Division's lead times have been taken into account and are forecast to see steady growth, particularly in the last quarter of this financial year.

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

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	**Previous corresponding period**
Net tangible asset backing per ordinary security	1 cent	1 cent

Control Gained Over Entities Having Material Effect

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

Audit/Review Status

This report is based on accounts to which one of the following applies:(Tick one)			
The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Extract from the independent auditor's review report:

Basis of qualified conclusion

As noted in Note 5 of the half-year financial report, the Les Bleus (formerly Alpha Aviation) Group of companies ("Les Bleus"), being wholly-owned subsidiaries of the Company, were placed into voluntary liquidation and receivership in 2008. As a result, subsequently the accounting records maintained by the Receivers were not adequate to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review of Les Bleus relating to its performance and cash flows for the half-year ended 31 December 2010 and its financial position at 31 December 2010 including the comparative periods.

Had we been able to complete our reviews of Les Bleus, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2010 consolidated half-year financial report including the comparatives.

Qualified conclusion

Except for the adjustments, if any, to the 31 December 2010 half-year financial report relating to Les Bleus that we might have become aware of had it not been for matter described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Consolidated Financial Report

Signed By (Director)	**(Company Secretary)**
Tony Noun ***Executive Chairman***	**Renuka Sharma** ***Company Secretary***
Dated this 28th February 2011	

INVENTIS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 40 084 068 673

31 DECEMBER 2010

INTERIM CONSOLIDATED FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the six months ended 31 December 2010 and the review report thereon.

Directors

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

- Tony Noun
- Denis Pidcock
- Charles Michael Wright
- Alfred Kobylanski (Alternate Director)

Review of Operations

During the period under review, the current economic climate continues to improve however; the patchy recovery continues to impact the Group particularly the Furniture Division. Notwithstanding the Group's Divisions have continued to pursue commercial activities that are providing a secure and solid foundation for future periods. The financial results of the Group for the period under review may be summarised as follows:

		31-Dec	31-Dec	
(in thousands of AUD)		**2010**	**2009**	**% Change**
Sales	Continuing Operations			
	Technology	5,939	6,319	(6.0%)
	Furniture	7,530	7,538	(0.1%)
	Eliminations	(238)	(433)	
	Sub-total Continuing Operations	13,231	13,424	(1.4%)
	Discontinued Operations			
	Aviation	(3)	92	
	Total	13,228	13,516	
EBITDA	Continuing Operations			
	Technology	716	1,006	
	Furniture	(350)	(199)	
	Corporate / Eliminations	(921)	(688)	
	Sub-total	(555)	119	
	Discontinued Operations			
	Net profit / (loss)	540	(158)	
	Sub-total	540	(158)	
Total EBITDA		(15)	(39)	
NPAT	Continuing Operations	(1,045)	(882)	
	Discontinued Operations	400	(309)	
Total NPAT		(645)	(1,191)	

Technology Division

The Technology Division's revenue for the first six months was $6.0 million. This is a 6% decrease over the same period last year. During the second half of this financial year, the Division expects a number of project orders, which would see it finish the year with total sales of approximately $15.0 million. This would represent a $2.7 million increase in sales over the previous year, which is consistent with forecast.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for this reporting period was $0.8 million as compared to $1.0 million for the same period last year. This decline in profitability is attributed to the lower revenue. The EBITDA for the full year is anticipated to be in excess of $2.0 million, which is also in line with forecast.

Current initiatives to achieve this favourable outcome include:

- *Safe Zone:* There have been a number of successful installations and projects of the Safe Zone product year to date. The Division will continue discussions and project planning processes with State Road and Rail Authorities, primarily for Rail Level Crossing Advanced Warning Systems with a view to securing sites across Australia.

  A derivative of the product is the Rail Worker Safety Warning System that has generated interest and strong sales potential from private enterprise, primarily mining and heavy engineering companies that own and / or maintain rail infrastructure.

  The versatility of the Safe Zone product is that a further application of the basic technology is being applied to pedestrian crossings in School Zones that do not have the full scale Flashing Light systems. The system is referred to as PANDA (Pedestrian and Driver Alert) and is currently under review by various statutory bodies.

- *Opentec Solutions:* Continues to focus on partnerships and alliances with particular emphasis on Defence contractors. During the last six months, Opentec has led the development of a Biometrics system labelled "Border in a Box", which is currently being trialled by both Australian and New Zealand governments. Orders are also expected for the supply of computers for remote weapon systems, general military use and armoured vehicles.

- *Impart Special Products:* A range of Emergency Lockdown Systems have been developed and are being installed in various Schools and facilities where wireless portable warning systems are required.

Furniture Division

The Furniture Division's revenue for the first six months was $7.5 million. This is in-line with the same period last year. During the second half of this financial year, the Division expects a number of project orders particularly in New Zealand, which would see it finish the year with total sales of approximately $17million. A $2.0 million increase over the previous year is expected through its successful government contract wins in Queensland and New Zealand.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for this reporting period was a loss of $0.4 million as compared to loss of $0.2 million for the same period last year. This decline in profitability can be largely attributed to the competitive business environment and the slower recovery in the New Zealand market during this six month period. The anticipated EBITDA for the full year is $0.2 million and reflects both the effect of the continued depreciation of the New Zealand dollar and the staged implementation of the major supply contracts.

The Australian operation of the Division continues to build upon its new business model which is expected to result in increased sales through its new and existing alliances and partnerships, as well as its major push for direct sales to government and statutory bodies, major corporations and construction companies as well as our major platinum distributers. This approach was effectively implemented in October 2010 and is showing great promise.

The New Zealand Operation was successful in tendering for the District Health Board (DHB) contract which is a significant win for the business. The DHB contract, when combined with our existing customers will make the company one of the largest office furniture suppliers in New Zealand.

The Division is currently recruiting a new Chief Executive Officer and an appointment is expected to be made imminently. The Board and Management acknowledge the efforts and contribution of Julian Measroch, who stepped down from the position of General Manager, to the success of Gregory to date. Charles Wright, Director, is acting as General Manager pending the appointment of a new Chief Executive Officer for the Division.

Aviation Division (Discontinued Operation)

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

Financial Review

The Group's sales for the period ended 31 December 2010 were $13.2 million (including discontinued operations adjustment of $3,000). This is $0.3 million below last year results for the same period (including discontinued operations of $0.1 million). Overall Revenue forecast for the full year from continuing operations is expected to be similar to last year with total sales being in the range of $32 million to $33 million.

The Continuing operations EBITDA for the Period was a loss of $0.6 million which is $0.7 million below last year's result for the same period; and the Group's EBITDA loss of $0.02million was similar to last year. Projected EBITDA from continuing operations for the full year is expected to be in the order of $1 million.

The Group's Net Loss after Tax (NPAT) of the continuing operations, for the Period was $0.6 million which is $0.5 million above last year's result for the same period. Projected NPAT for the full year from continuing operations is expected to be a loss of $0.2 million which will be an improvement of over $1.0 million from the previous financial year.

Events Subsequent to Reporting Date

The Company has made an announcement regarding the potential sale to a third party of the Technology Division for USD 23 million. There are a number of condition precedents to the sale. These include, certification that the Share Sale and Purchase Deed ("the Deed") has been properly executed, receipt of the duly executed Deed, consent of our Bankers of the sale and continuation of financing facilities, confirmatory due diligence, evidence of ability of the Buyer to pay purchase price and Inventis shareholders approving the sale of the Division.

In the opinion of the Directors, this transaction has the potential to have a significant impact on the current operations, the results, and the state of affairs of the Group, in future financial years. The net financial implication of this transaction is yet to be quantified.

Dividends

The Directors do not recommend the payment of a dividend.

Rounding

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

Auditor's Independence Declaration

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

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

Tony Noun
Executive Chairman
SYDNEY, This 28th day of February 2011.

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

To: the directors of Inventis Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

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

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

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney

28 February 2011

Inventis Limited
Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2010

	Note	31 Dec 2010 $'000	30 Jun 2010 $'000
Assets			
Cash and cash equivalents		276	328
Trade and other receivables		4,323	5,776
Inventories		3,881	4,628
Prepayments		346	208
Assets classified as held for sale	6	2,107	2,318
Total current assets		10,933	13,258
Non-current assets			
Property, plant and equipment	7	1,184	1,112
Other financial assets		26	36
Deferred tax assets		1,404	1,209
Intangible assets		4,893	5,158
Total non-current assets		7,507	7,515
Total Assets		18,440	20,773
Liabilities			
Trade and other payables		4,024	4,780
Interest-bearing liabilities	8	2,594	2,614
Employee benefits		1,398	1,331
Liabilities classified as held for sale	6	5,531	6,406
Total current liabilities		13,547	15,131
Non-current liabilities			
Interest-bearing liabilities	8	-	307
Employee benefits		165	142
Total non-current liabilities		165	449
Total liabilities		13,712	15,580
Net assets		4,728	5,193
Equity			
Share capital		27,692	27,692
Reserves		(678)	(856)
Accumulated losses		(22,286)	(21,643)
Total equity		4,728	5,193

The notes on pages 9 to 17 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Comprehensive Income
For the Half Year Ended 31 December 2010

	Note	31 Dec 2010 $'000	31 Dec 2009 $'000
Continuing Operations			
Revenue		13,231	13,424
Cost of Sales		(7,563)	(7,255)
Gross Profit		5,668	6,169
Other income		66	88
Expenses			
Manufacturing and operations		(1,591)	(1,735)
Engineering and quality assurance		(855)	(793)
Administration		(2,287)	(2,143)
Sales and marketing		(1,962)	(1,901)
Results from operating activities		(961)	(315)
Finance Income		116	122
Finance expense		(396)	(131)
Net Finance expense		(280)	(9)
Loss before income tax		(1,241)	(324)
Income tax benefit / (expense)		196	(558)
Loss from continuing operations		(1,045)	(882)
Discontinued operation			
Profit/(loss) from discontinued operation, net of income tax	5	400	(309)
Loss for the period		(645)	(1,191)
Other Comprehensive income			
Foreign currency translation differences for foreign operations – gain / (loss)		178	(52)
Other comprehensive income / (loss) for the period, net of income tax		178	(52)
Total comprehensive (loss) / income for the period		(467)	(1,243)
Loss per share		**Cents**	**Cents**
Loss per share		(0.6)	(1.1)
Diluted loss per share		(0.6)	(1.1)
Continuing operations			
Loss per share		(1.0)	(0.8)
Diluted loss per share		(1.0)	(0.8)

The notes on pages 9 to 17 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Changes in Equity
For the Half Year Ended 31 December 2010

	Issued Capital $'000	Revaluation Reserve $'000	Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance As at 1 July 2009	27,721	404	(967)	(19,650)	7,508
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,191)	(1,191)
Other comprehensive income					
Foreign currency translation differences for foreign operations - (loss)	-	-	(52)	-	(52)
Total other comprehensive loss for the period	-	-	(52)	-	(52)
Total comprehensive loss for the period	-	-	(52)	(1,191)	(1,243)
Total Transactions with owners recorded directly in equity	-	-	-	-	-
Balance as at 31 December 2009	27,721	404	(1,019)	(20,841)	6,265
Balance As at 1 July 2010	27,692	404	(1,260)	(21,643)	5,193
Total comprehensive income for the period					
Loss for the period	-	-	-	(645)	(645)
Other comprehensive income					
Foreign currency translation differences for foreign operations – gain	-	-	178	-	178
Total other comprehensive income for the period	-	-	178	-	178
Total comprehensive income/ (loss) for the period	-	-	178	(645)	(467)
Total Transactions with owners recorded directly in equity	-	-	-	2	2
Balance as at 31 December 2010	27,692	404	(1,082)	(22,286)	4,728

The notes on pages 9 to 17 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Cash Flows
For the Half Year Ended 31 December 2010

	Note	31 Dec 2010 $'000	31 Dec 2009 $'000
Cash flows from operating activities			
Receipts from customers		15,587	15,885
Payments to suppliers and employees		(15,576)	(15,120)
Cash generated from operations		11	765
Interest received		3	2
Interest paid		(103)	(87)
Net cash (used in) / from operating activities		(89)	680
Cash flows from investing activities			
Purchase of fixed assets		(273)	(138)
Proceeds from sale of fixed assets and assets held for sale		637	-
Net cash from / (used in) investing activities		364	(138)
Cash flows from financing activities			
Proceeds from borrowings		124	-
Repayment of borrowings		(451)	(471)
Net cash used in financing activities		(327)	(471)
Net (decrease) / increase in cash and cash equivalents		(52)	(71)
Cash and cash equivalents at 1 July		328	234
Cash and cash equivalents at 31 December		276	163

The notes on pages 9 to 17 are an integral part of this interim financial report

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 interim financial report of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Group".

The consolidated annual financial report for the Group, as at and for the year ended 30 June 2010 is available upon request from the Company's registered office or at www.inventis.com.au

Note 2: Basis of Preparation

a. Statement of compliance

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2010 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Board of Directors on 25 February 2011.

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

b. Basis of measurement

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

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

c. Functional and presentation currency

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

Note 3: Significant Accounting Policies

a. The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2010.

b. Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2010.

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

Note 4: Operating Segments

The Group comprises the following main business segments:

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

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

Other operations discontinued during the 2008 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.

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2010

NOTE 4: Operating segments continued

	Furniture Division		Technology Division		Aviation (Discontinued)		Total	
(in thousands of AUD)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Total revenue	7,530	7,538	5,939	6,319	(3)	92	13,466	13,949
Inter-segment revenue	(238)	(433)	-	-	-	-	(238)	(433)
Interest revenue	(2)	-	-	-	-	2	(2)	2
Interest expense	-	-	-	-	(139)	(153)	(139)	(153)
Depreciation and amortisation	129	154	147	177	-	-	276	331
Reportable segment profit before income tax	1,586	(353)	(1,266)	829	400	(309)	720	167
Other material non-cash items								
Related party loan impairment / (forgiveness)	(2,378)	-	1,836	-	-		(542)	-
Unrealised foreign exchange loss on related party loan (loss)/gain	(294)	9	-	-	-	-	(294)	9
Reportable segment assets	10,273	7,149	9,167	18,056	1,232	1,639	20,672	26,844
Reportable segment liabilities	(6,440)	(5,170)	(2,351)	(5,072)	(5,531)	(6,027)	(14,322)	(16,269)

NOTE 4: Operating segments continued

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

(in thousands of AUD)	**2010**	**2009**
Revenues		
Total revenue for reportable segments	13,466	13,949
Elimination of inter-segment revenues	(238)	(433)
Elimination of Discontinued operations	3	(92)
Consolidated revenue from continuing operations	13,231	13,424
Profit or Loss		
Total profit for reportable segments	720	167
Elimination of inter-segment profits / (loss)	16	111
Elimination of Discontinued operations	(400)	309
Unallocated amounts: other corporate expenses	(1,577)	(911)
Consolidated loss before income tax from continuing operations	(1,241)	(324)
Assets		
Total assets for reportable segments	20,672	26,844
Other unallocated amounts	(2,232)	(5,958)
Consolidated total assets	18,440	20,886
Liabilities		
Total liabilities for reportable segments	(14,322)	(16,269)
Other unallocated amounts	610	1,648
Consolidated total liabilities	(13,712)	(14,621)

Other material items 2010 (including discontinued operations)

(in thousands of AUD)	**Reportable Segment Totals**	**Adjustments**	**Consolidated Totals**
Interest revenue	(2)	4	2
Interest expense	139	103	242
Depreciation and amortisation	276	17	293
Related party loan impairment/forgiveness	(542)	542	-
Unrealised foreign exchange loss on related party loan	(294)	-	(294)

Other material items 2009 (including discontinued operations)

Interest revenue	2	2	4
Interest expense	153	87	240
Depreciation and amortisation	331	26	357

NOTE 4: Operating segments continued

Geographical Segments

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

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

	2010		**2009**	
(in thousands of AUD)	**Revenues**	**Non-current assets**	**Revenues**	**Non-current assets**
Australia	11,888	7,322	11,980	8,042
New Zealand	1,340	185	1,536	222
Total	13,228	7,507	13,516	8,264

Major Customers

Revenue from two customers of the Group's Technology Division represents approximately $ 3.0 million (2009:$3.4 million) of the Segment's total revenues of $5.9 million (2009:$6.3 million). In addition revenue from three customers of the Group's Furniture Division represents approximately $ 1.8million of the Segment's total revenues of $7.5million (in 2009 there were no major customers).

NOTE 5: Discontinued operations

Les Bleus (Formerly 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 by the Receiver.

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 which is currently recognised in the consolidated interim financial statements at 31 December 2010 relating to Les Bleus, 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.

NOTE 5: Discontinued operations continued

(in thousands of AUD)	Consolidated Entity 2010	2009
Results of discontinued operations		
Revenue	(3)	92
Expenses	(90)	(250)
Profit on disposal of assets	632	-
Results from operating activities	539	(158)
Finance income	-	2
Finance expense	(139)	(153)
Net finance costs	(139)	(151)
Income tax expense	-	-
Profit/(loss) for the period	400	(309)
	cents	**cents**
Basic earnings/(loss) per share	0.4	(0.3)
Diluted earnings/(loss) per share	0.4	(0.3)

(in thousands of AUD)	Consolidated Entity 2010	2009
Cash flows from discontinued operations		
Net cash (used in)/ from operating activities	(92)	48
Net cash from investing activities	632	-
Net cash used in financing activities	(659)	(222)
Net cash used in discontinued operations	(119)	(174)

NOTE 6: Assets and liabilities held for sale

a. Les Bleus 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 Les Bleus to meet its projected output. Efforts of the receiver to sell the disposal group have continued and the expected settlement of the disposal group is not known at the date of this report.

b. Other assets held for sale by other Group entities at 31 December 2010 amount to $875,000.

(in thousands of AUD)	Consolidated Entity 31 Dec-2010	30 June-2010
Assets classified as held for sale		
Cash and cash equivalents	10	135
Property, plant and equipment	2,097	2,183
	2,107	2,318
Liabilities classified as held for sale		
Trade and other payables	2,746	2,883
Loans and borrowings	2,785	3,523
	5,531	6,406

NOTE 7: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2010 the Group acquired assets with a cost of $273,210 (2009:$138,265).

Assets with a carrying amount of $262 (2009: $2,224) were disposed of resulting in a profit on disposal of $5,454 (2009: $2,224) which is included in other income.

Note 8: Loans and Borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2010:

(in thousands of AUD)	Currency	Interest Rate %	Face Value	Carrying Amount	Year of maturity
Balance as 30 June 2010				2,921	
Loans acquired					
Net Debtors invoice finance		7.61 – 11.81	124	124	2011
Repayments					
Commercial Bills	NZD		(262)	(262)	2011
Commercial Bills	AUD		(180)	(180)	2011
Finance lease liabilities			(9)	(9)	2012
Balance as 31 December 2010				2,594	

Note 9: Related Parties

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

Non-executive directors	**Executive Directors**
Denis Pidcock	Tony Noun
Charles Michael Wright	Alfred Kobylanski (Alternate Director)

Executives

Alfred Kobylanski
Robyn Himmelberg
Julian Measroch
Renuka Sharma

i. *Key management personnel compensation*

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

ii. *Other key management personnel transactions*

The Company paid rent of $59,421 (2009: $52,497) to an entity associated Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the electronic products business.

The Company paid printing of $28,181 (2009: $34,393) to entities associated with Mrs Robyn Himmelberg for the Sydney operations of the electronic products business.

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

NOTE 9: Related Parties continued

iii. Movements in Shares

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

	Held at 1 July 2010	Purchases/ (disposal)	Held at 15 February 2011
Tony Noun	4,961,875	-	4,961,875
Alfred Kobylanski	3,150,000	-	3,150,000
Robyn Himmelberg	12,920,887	-	12,920,887
Renuka Sharma	25,000	-	25,000

NOTE 10: Going Concern

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

For the period ended 31 December 2010, the Group recorded a loss of $0.6 million (continuing operations loss $1.0 million and discontinued operations profit $0.4 million) and had a deficiency in working capital of $2.6 million.

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

- The Group is in an overall net asset position at 31 December 2010 of $4.7million which includes the negative impact of Les Bleus (formerly Alpha Aviation) of $4.3 million which does not require settlement by the Group;
- Excluding Les Bleus (formerly Alpha Aviation), the Group would be in a net current asset position of $1.7 million;
- Management have forecast to generate a profit from continuing operations for the six months ended 30 June 2011 and for the year ended 30 June 2012;
- Operating losses relating to Les Bleus will not recur in future periods given that these companies are now in the control of liquidators and receivers and Inventis has not provided any guarantees for the liabilities of Les Bleus;
- Banking facilities of $4.3 million are available to the Group as at 31 December 2010. The Group does not expect to require funding beyond this facility in the foreseeable future. Of the available facilities, $2.6 million was drawn down at 31 December 2010, leaving $1.7 million in unutilised facilities; and
- The Directors have reviewed the cash flow forecasts relating to the remaining furniture and technology operations and believe that there are sufficient net cash inflows and facilities available that will enable the company to fund its operations for at least the next 12 months.

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

NOTE 11: Contingent Liabilities

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

NOTE 12: Events Subsequent to Reporting Date

In the interval between the end of the half year ended 31 December 2010 and the date of this report the Company has made an announcement regarding the potential sale to a third party of the Technology Division for USD 23 million. In the opinion of the Directors of the Group, this transaction has the potential to be material, to affect the current operations, the results, and the state of affairs of the Group, in future financial years. The net financial impact of this transaction is yet to be quantified.

Directors' Declaration

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

(1) the financial statements and notes set out on pages 5 to 17, are in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the six month period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

Dated at Sydney this 28th day of February 2011

Signed in accordance with a resolution of the directors.

Tony Noun
Executive Chairman

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

Report on the financial report

We have reviewed the accompanying half-year financial report of Inventis Limited (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Inventis Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Basis of qualified conclusion

As noted in Note 5 of the half-year financial report, the Les Bleus (formerly Alpha Aviation) Group of companies ("Les Bleus"), being wholly-owned subsidiaries of the Company, were placed into voluntary liquidation and receivership in 2008. As a result, the accounting records subsequently maintained by the Receivers were not adequate to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review of Les Bleus relating to its performance and cash flows for the half-year ended 31 December 2010 and its financial position at 31 December 2010 including the comparative periods.

Had we been able to complete our review of Les Bleus, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2010 consolidated half-year financial report including the comparatives.

Qualified conclusion

Except for the adjustments, if any, to the 31 December 2010 half-year financial report relating to Les Bleus that we might have become aware of had it not been for matter described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney

28 February 2011