Rules 4.2A.3

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2011
Previous Corresponding Reporting Period	31 December 2010

Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue from continuing operations	9,766	(26.2%)
Loss from continuing operations after tax attributable to members	(3,836)	N/A
Net Loss for the period attributable to members	(3,800)	N/A

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

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

Refer to the Directors report.

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

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	**Previous corresponding period**
Net tangible asset backing per ordinary security	(3.7 cents)	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. The Receiver has not provided to the Company adequate accounting records to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review procedures in relation to Les Bleus relating to its performance and cash flows for the half-year ended 31 December 2011 and its financial position at 31 December 2011 including the comparative period.

Had we been able to complete our review procedures in relation to Les Bleus, matters might have come to our attention indicating that adjustments might have been necessary to the 31 December 2011 consolidated half-year financial report including the comparatives.

Qualified conclusion

Except for the adjustments, if any, to the 31 December 2011 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 2011 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)	**(Director)**
Tony Noun ***Executive Chairman***	**Charles Wright** ***Director***
Dated this 29th February 2012	

INVENTIS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 40 084 068 673

31 DECEMBER 2011

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 2011 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 economic climate continues to be challenging although there appears to be a patchy recovery that continues to impact the Group particularly the Technology Division while the Furniture Division has maintained and slightly improved its trading in relation to the same period last year. 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:

Review of Financial Operations for 4D

		31-Dec	31-Dec	
(in thousands of AUD)		**2011**	**2010**	**% Change**
Sales	Continuing Operations			
	Technology	2,378	5,939	(60.0%)
	Furniture	7,545	7,530	0.2%
	Corporate / Eliminations	(157)	(238)	
	Sub-total Continuing Operations	9,766	13,231	(26.2%)
	Discontinued Operations			
	Aviation	0	(3)	
	Total	9,766	13,228	
EBITDA	Continuing Operations			
	Technology	(958)	716	
	Furniture	(315)	(350)	
	Corporate / Eliminations	(583)	(921)	
	Sub-total	(1,856)	(555)	
	Discontinued Operations			
	Net loss	151	540	
	Sub-total	151	540	
Total EBITDA Loss		(1,705)	(15)	
NPAT	Continuing Operations	(3,836)	(1,045)	
	Discontinued Operations	36	400	
			0	
Total NPAT		(3,800)	(645)	

Technology Division

The Technology Division's revenue for the first six month period was $2.4 million. This is a 60% decrease from the same period last year. However, the second half of this financial year should see this Division returning to profitability and finishing the the year with total sales of approximately $9.6 million. This outcome would represent a $3.2 million decrease in sales from the previous year, which included a large non-recurring project order of $2.4 million in 2011.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) loss for this reporting period was $0.9 million as compared to a profit of $0.8 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 breakeven which is in line with forecast and takes into account the expenses associated with the re-structuring of this Division.

The Technology Group is now beginning to benefit from the planned transition, from being a provider of electronic components, to an innovative solutions based company. The Division has developed partnerships with some of the largest international security, defence and electronics companies in creating marketable solutions for various sectors including defence, mining and transport. As a result, during the remainder of this financial year, two contracts valued in excess of $4.0 million will be performed before 30 June 2011 with a significant revenue stream in subsequent years.

Specific divisional considerations:

- *Impart Special Products:* The business unit is starting to perform in line with expectations. As a result of new design and manufacture applications, major orders are expected from for the re-fit of 100 vehicles, amongst other opportunities, which will ensure that the business unit will contribute positively to the Division's overall results during the 2012-13 year.

- *Opentec Solutions:* As this business unit is primarily a project based Defence solutions supplier, the current years trading will be lower than last year, but will nonetheless be marginally profitable for this year. Furthermore, this business unit has held extensive consultations with a major defence contractor that will result in significant revenue streams starting next financial year and completing in the 2016.

  In addition to ensure that this business unit becomes less reliant upon project work, and be able to provide a constant source of revenue, discussions are under way with a Federal Government department to provide a long term service and maintenance program for computer equipment.

- *Safezone:* Has completed a number of installations to date with a number of projects being rolled-out for the rest the current year, along with significant installations scheduled in subsequent years. This will provide a significant increase in the Division's revenue base, going forward.

- *PNE :* This business unit was primarily an OEM supplier and was servicing one client who has now commenced sourcing product direct from China. The loss of which in 2011 has had a significant impact on the Technology Division's results. However, as indicated above, replacement revenues streams are being brought on-line to compensate for this. The Division is now engaged with a broader customer base to supply niche products, which will significantly reduce the level of customer concentration within its revenue streams.

In order for the Inventis Technology Division to meet the challenges of being a specialised solutions based company, it has had to re-structure its operations, which included a substantial cultural change. The majority of the division's talented employees have adapted to the new environment, even though in some instances the re-structure has been unsettling and challenging. The business will see a gradual reduction in overheads mainly in staffing costs as it operates more efficiently. There will also be an investment in research and development costs with the Division's partners who are significant international companies working on major projects and installations both in Australia and overseas.

Furniture Division

The Furniture Division's revenue for the first six months of this year was $7.5 million which 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 $18.5million, which would represent a $4.7 million increase over the previous year.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for this reporting period was a loss of $0.3 million as compared to loss of $0.4 million for the same period last year. The lower than expected profitability continues to be affected by the competitive business environment over the slower trading period which is normally experienced in the first half of financial year coupled with a slightly delayed implementation of the Division's procurement strategy in Australia and New Zealand.

The anticipated EBITDA for the full year is $0.2 million as compared to a loss of $1.1 million for 2011.

The Division continues to build upon its new business model of becoming a "Turn Key" solution provider in both Australia and New Zealand. As a consequence, there has been a review of the Division's product offering as well exploring new markets within the health and aged care sectors. The business continues to operate successfully in a very competitive market and is on track with the launch of new seating technology, which has a patent pending in 2012.

Traditional markets such as financial services, are being impacted by the re-structuring currently occurring within this market which is causing delays or cancellations of some projects. However, new national-based business has been secured with various government departments, long term contract with a major telecommunications company, contracts with higher education organisations in Australia and the New Zealand has now also contracted with another major government department. The New Zealand Operation has now secured major long term contracts with Health and Government, which will return the business to profitability.

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 2011 were $9.7 million. This is $3.5 million below last year results for the same period largely due to the Technology Division. Overall Revenue forecast for the full year from continuing operations is expected to be in the range of $27 million to $28million.

The Continuing operations EBITDA for the Period was a loss of $1.9 million which is $1.3 million below last year's result for the same period; and the Group's EBITDA loss of $1.7 million was $1.7million below last year. The projected EBITDA from continuing operations for the full year is expected to be in the order of $0.4 million.

The Group's Net Loss after Tax (NPAT) of the continuing operations, for the Period was $4.0 million which is $3.2 million below last year's result for the same period. This result also includes impairment to the deferred tax asset as a result of the accounting standards of $2.0 million as per the 2011 annual report. Projected NPAT for the full year from continuing operations is conservatively estimated to be a loss of $2.8 million which includes an impairment of the deferred tax asset as a result of the accounting standards.

Events Subsequent to Reporting Date

In the interval between the end of the half year ended 31 December 2011 and the date of this report the Company has made an announcement regarding the sale to a third party of the Technology Division which had expired due to the Buyer not being able to settle the transaction within a reasonable period. The Buyer may at anytime re-initiate the sale process by providing proof of being able to make available a non-refundable cash deposit, at which time the Directors will consider this and any other offer that is available for consideration.

In addition, the Group is currently undertaking a rights issue which , if fully subscribed , would raise up to approximately $1.25 million.

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 29th day of February 2012.

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 2011 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

Malcolm Kafer

Malcolm Kafer

Partner

Sydney

29th February 2012

Inventis Limited
Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2011

	Note	31 Dec 2011 $'000	30 Jun 2011 $'000
Assets			
Cash and cash equivalents		234	223
Trade and other receivables		3,237	6,375
Inventories		3,970	4,071
Prepayments		174	75
Assets classified as held for sale	6	2,105	2,123
Total current assets		9,720	12,867
Non-current assets			
Property, plant and equipment	7	1,129	1,193
Other financial assets		26	27
Deferred tax assets		519	1,928
Intangible assets		4,432	4,633
Total non-current assets		6,106	7,781
Total Assets		15,826	20,648
Liabilities			
Trade and other payables		5,125	6,193
Interest-bearing liabilities	8	2,676	2,679
Employee benefits		1,664	1,564
Liabilities classified as held for sale	6	5,655	5,760
Total current liabilities		15,120	16,196
Non-current liabilities			
Employee benefits		103	157
Total non-current liabilities		103	157
Total liabilities		15,223	16,353
Net assets		603	4,295
Equity			
Share capital		27,689	27,673
Reserves		(630)	(721)
Accumulated losses		(26,456)	(22,657)
Total equity		603	4,295

The notes on pages 10 to 19 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 2011

	Note	31 Dec 2011 $'000	31 Dec 2010 $'000
Continuing Operations			
Revenue		9,766	13,231
Cost of Sales		(6,012)	(7,563)
Gross Profit		3,754	5,668
Other income		18	66
Expenses			
Manufacturing and operations		(1,412)	(1,591)
Engineering and quality assurance		(855)	(855)
Administration		(1,993)	(2,287)
Sales and marketing		(1,766)	(1,962)
Results from operating activities		(2,254)	(961)
Finance Income		1	116
Finance expense		(175)	(396)
Net Finance expense		(174)	(280)
Loss before income tax		(2,428)	(1,241)
Income tax (expense) / benefit	12	(1,408)	196
Loss from continuing operations		(3,836)	(1,045)
Discontinued operation			
Profit from discontinued operation, net of income tax	5	36	400
Loss for the period		(3,800)	(645)
Other Comprehensive income			
Foreign currency translation differences for foreign operations – gain		91	178
Other comprehensive income for the period, net of income tax		91	178
Total comprehensive loss for the period		(3,709)	(467)
Loss per share		**Cents**	**Cents**
Loss per share		(3.7)	(0.6)
Diluted loss per share		(3.7)	(0.6)
Continuing operations			
Loss per share		(3.7)	(1.0)
Diluted loss per share		(3.7)	(1.0)

The notes on pages 10 to 19 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 2011

	Issued Capital $'000	Revaluation Reserve $'000	Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
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
Balance As at 1 July 2011	27,673	404	(1,125)	(22,657)	4,295
Total comprehensive income for the period					
Loss for the period	-	-		(3,800)	(3,800)
Other comprehensive income					
Foreign currency translation differences for foreign operations – gain	-	-	91	-	91
Total other comprehensive income for the period	-	-	91	-	91
Total comprehensive income/ (loss) for the period	-	-	91	(3,800)	(3,709)
Total Transactions with owners recorded directly in equity	16	-	-	1	17
Balance as at 31 December 2011	27,689	404	(1,034)	(26,456)	603

The notes on pages 10 to 19 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 2011

	Note	31 Dec 2011 $'000	31 Dec 2010 $'000
Cash flows from operating activities			
Receipts from customers		13,512	15,587
Payments to suppliers and employees		(13,286)	(15,576)
Cash generated from operations		226	11
Interest received		4	3
Interest paid		(113)	(103)
Net cash (used in) / from operating activities		117	(89)
Cash flows from investing activities			
Purchase of fixed assets		(119)	(273)
Proceeds from sale of fixed assets and assets held for sale		-	637
Net cash from / (used in) investing activities		(119)	364
Cash flows from financing activities			
Proceeds from rights offer		16	-
Proceeds from borrowings		647	124
Repayment of borrowings		(650)	(451)
Net cash used in financing activities		13	(327)
Net increase / (decrease) in cash and cash equivalents		11	(52)
Cash and cash equivalents at 1 July		223	328
Cash and cash equivalents at 31 December		234	276

The notes on pages 10 to 19 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 2011 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 2011 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 2011 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 29 February 2012.

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

b. Basis of measurement

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

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

c. Functional and presentation currency

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

d. Les BLEUS – Liquation basis of Accounting

As Les Bleus Group (refer note 5) has been placed into liquidation and receivership, the financial position and results relating to those entities at 31 December 2011 have been accounted for on a basis other than going concern in the Financial Statements for the half year ended 31 December 2011.

Accordingly, all assets and liabilities relating to those companies have been classified as current and all assets have been written down to their estimated realisable values at 31 December 2011 and for the comparative period.

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 2011.

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 2011.

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 disclosure as a reportable segment.

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

NOTE 4: Operating segments continued

	Furniture Division		Technology Division		Aviation (Discontinued)		Total	
(in thousands of AUD)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Total revenue	7,545	7,530	2,378	5,939	-	(3)	9,923	13,466
Inter-segment revenue	(153)	(238)	-	-	-	-	(153)	(238)
Interest revenue	3	(2)	1	-	-	-	4	(2)
Interest expense	(64)	-	(49)	-	(115)	(139)	(228)	(139)
Depreciation and amortisation	130	129	254	147	-	-	384	276
Reportable segment profit before income tax	(1,086)	1,586	(1,929)	(1,266)	36	400	(2,979)	720
Other material non-cash items								
Related party loan impairment / (forgiveness)	104	(2,378)	248	1,836	-	-	352	(542)
Unrealised foreign exchange loss on related party loan (loss)/gain	(62)	(294)		-		-	(62)	(294)
Reportable segment assets	9,701	10,273	7,487	9,167	1,230	1,232	18,418	20,672
Reportable segment liabilities	(7,311)	(6,440)	(2,752)	(2,351)	(5,655)	(5,531)	(15,718)	(14,322)

NOTE 4: Operating segments continued

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

(in thousands of AUD)	2011	2010
Revenues		
Total revenue for reportable segments	9,923	13,466
Elimination of inter-segment revenues	(153)	(238)
Corporate revenues	(4)	
Elimination of Discontinued operations	-	3
Consolidated revenue from continuing operations	9,766	13,231
Profit or Loss		
Total (loss) / profit for reportable segments	(2,979)	720
Elimination of inter-segment profits / (loss)	(5)	16
Elimination of Discontinued operations	(36)	(400)
Unallocated amounts: other corporate expenses	592	(1,577)
Consolidated loss before income tax from continuing operations	(2,428)	(1,241)
Assets		
Total assets for reportable segments	18,418	20,672
Eliminations	(2,592)	(2,232)
Consolidated total assets	15,826	18,440
Liabilities		
Total liabilities for reportable segments	(15,718)	(14,322)
Eliminations	495	610
Consolidated total liabilities	(15,223)	(13,712)

Other material items 2011 (including discontinued operations)

(in thousands of AUD)	Reportable Segment Totals	Adjustments	Consolidated Totals
Interest revenue	4	-	4
Interest expense	228	(1)	227
Depreciation and amortisation	384	16	400
Related party loan impairment	352	(352)	-
Unrealised foreign exchange loss on related party loan	62	-	62

Other material items 2010 (including discontinued operations)

Interest revenue	(2)	4	2
Interest expense	139	103	242
Depreciation and amortisation	276	17	293
Related party loan impairment	(542)	542	-
Unrealised foreign exchange loss on related party loan	(294)	-	(294)

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.

	2011		2010	
(in thousands of AUD)	**Revenues**	**Non-current assets**	**Revenues**	**Non-current assets**
Australia	7,861	5,421	11,888	7,322
New Zealand	1,905	166	1,340	185
Total	9,766	5,587	13,228	7,507

Major Customers

Revenue from three customers of the Group's Technology Division represents approximately $1.0 million (2010:$3.0 million) of the Segment's total revenues of $2.4 million (2010:$5.9 million). In addition revenue from three customers of the Group's Furniture Division represents approximately $1.0 million (2010:$1.8 million) of the Segment's total revenues of $7.5 million (2010:$7.5 million).

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 2011 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

	Consolidated Entity	
(in thousands of AUD)	**2011**	**2010**
Results of discontinued operations		
Revenue	-	(3)
Other income	52	-
Expenses	99	(90)
Profit on disposal of assets	-	632
Results from operating activities	151	539
Finance income	-	-
Finance expense	(115)	(139)
Net finance costs		(139)
Income tax expense	-	-
Profit for the period	36	400
	cents	**cents**
Basic earnings/(loss) per share	0.04	0.4
Diluted earnings/(loss) per share	0.04	0.4

	Consolidated Entity	
(in thousands of AUD)	**2011**	**2010**
Cash flows from discontinued operations		
Net cash (used in)/ from operating activities	(50)	(92)
Net cash from investing activities	-	632
Net cash used in financing activities	50	(659)
Net cash used in discontinued operations	-	(119)

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 2011 were $875,000 (2010: $875,000).

	Consolidated Entity	
(in thousands of AUD)	**31 Dec-2011**	**30 June-2011**
Assets classified as held for sale		
Cash and cash equivalents	6	6
Property, plant and equipment	2,099	2,117
	2,105	2,123
Liabilities classified as held for sale		
Trade and other payables	2,750	2,775
Loans and borrowings	2,905	2,985
	5,655	5,760

NOTE 7: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2011 the Group acquired assets with a cost of $119,000 (2010:$273,000).

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 2011:

(in thousands of AUD)	Currency	Interest Rate %	Face Value	Carrying Amount	Year of maturity
Balance as 30 June 2011				2,679	
Loans acquired					
Net Debtors invoice finance	AUD	7.72-15.0	43	43	2012
Mortgage (interest only)	AUD	12.04-13.01	600	600	2012
Finance lease liabilities	AUD		4	4	2012
Repayments					
Loan	AUD		(650)	(650)	2011
Balance as 31 December 2011				2,676	

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
Steven Gilming
Renuka Sharma
Robyn Himmelberg (Resigned 1 February 2012)

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 $60,402 (2010: $59,421) to an entity associated Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the Technology Division.

The Company paid printing of $1,195 (2009: $28,181) to entities associated with Mrs Robyn Himmelberg for the Sydney operations of the Technology Division.

The Company repaid in full a loan of $650,023 to an entity associated with Mr Tony Noun that was made available to the Group.

The Company paid consultancy fees of $15,000 to an entity associated with Mr Charles Wright for the provision of senior executive services to the Technology Division.

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

iii. *Movements in Shares*

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

	Held at 1 July 2011	**Purchases/ (disposal)**	**Held at 15 February 2012**
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, the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. A number of wholly owned and controlled group entities, the "Les Bleus Group" (refer to note 5) are in receivership and liquidation (refer to note 2 d for the basis of accounting for this Group).

For the half year ended 31 December 2011, the Group recorded a loss of $3.8 million from continuing operations, which included an impairment of $2 million in deferred tax assets, in accordance with accounting standards. The Group's current liabilities, including Les Bleus, exceed its current assets by $5.4 million, but despite the inclusion of Les Bleus, total assets exceed total liabilities by $0.6 million.

The ability of the Group to continue as a going concern is dependent on the Group successfully managing the business profitably and generating adequate cash from operations, and as and when required, being able to raise adequate finance from lenders and/or existing shareholders. There are no guarantees that these things will happen, consequently, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, should they not occur, which will mean that in those circumstances, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- The Directors are confident of raising sufficient new financing to enable the Group to pay its debts as and when they become due and payable. The Group is currently undertaking a Capital Raising by means of a Rights Issue to existing shareholders. The Rights Issue, if fully subscribed, would raise up to approximately $1.25 million and closes on 02 March 2012. Further, at 31 December 2011, banking facilities of AUD 2.5 million and NZD 1.0 million were available to the Group. The Directors are currently in advanced discussions with lenders to increase the Group's banking and invoice discounting facilities and are confident of securing new facilities which would increase the Group's available facility by a maximum of AUD 1.5 million before 31 March 2012.

- The Directors have reviewed the cash flow forecast for the Group and assuming the successful raising of new finance as noted above by 31 March 2012, believe that there will be sufficient cash inflows and facilities available to enable the Group to fund its operations for at least 12 months from the date that these financial statements have been approved.

- Management have forecast to generate a profit from continuing operations for the six months ended 30 June 2012 and for the year ended 30 June 2013; and

- The Group has a net deficiency in current assets of $5.4 million. The Directors ultimately expect that at the completion of the receivership and liquidation of Les Bleus Group, there will be a gain recognised of approximately $4.5 million arising from the de-recognition of net liabilities held for sale, resulting in an improvement in the working capital position and net asset position of the Group by this amount. In relation to liabilities classified as held for sale for the Les Bleus Group, the Group has not provided any guarantees to any creditors or financiers for the liabilities of Les Bleus.

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

NOTE 11: Contingent Liabilities

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

NOTE 12: Deferred Tax Asset Impairment

Income tax expense for the half year period ended 31 December includes an impairment charge of $1,928,000 relating to prior periods.

NOTE 13: Events Subsequent to Reporting Date

In the interval between the end of the half year ended 31 December 2011 and the date of this report the Company has made an announcement regarding the sale to a third party of the Technology Division which had expired due to the Buyer not being able to settle the transaction within a reasonable period. The Buyer may at anytime re-initiate the sale process by providing proof of being able to make available a non-refundable cash deposit, at which time the Directors will consider this and any other offer that is available for consideration.

In addition, the Group is currently undertaking a rights issue which, if fully subscribed , would raise up to approximately $1.25 million.

Directors' Declaration

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

(1) the financial statements and notes set out on pages 6 to 19, 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 2011 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 29th day of February 2012

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 2011, 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 13 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 internal 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 2011 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, during the 2008 financial year, 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. The Receiver has not provided to the Company adequate accounting records to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review procedures in relation to Les Bleus relating to its performance and cash flows for the half-year ended 31 December 2011 and its financial position at 31 December 2011 including the comparative period.

Had we been able to complete our review procedures in relation to Les Bleus, matters might have come to our attention indicating that adjustments might have been necessary to the 31 December 2011 consolidated half-year financial report including the comparatives.

Qualified conclusion

Except for the adjustments, if any, to the 31 December 2011 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 2011 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*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 10 in the financial report, which indicates that the Group incurred a net loss of $3,800,000 during the half-year ended 31 December 2011 and as of that date, the Group's current liabilities exceeded its current assets by $5,400,000. These conditions, along with other matters as set forth in Note 10, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

KPMG

KPMG

Malcolm Kafer
Partner

Sydney

29 February 2012