inventis
inspired solutions

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ANNOUNCEMENT TO THE ASX

Market Update

7 August 2012 ~ Inventis Limited (ASX: IVT) is currently finalising its full year results for the 12 month period to 30 June 2012.

Subject to external audit approval of the results for the financial year ended 30 June 2012, the group's revenue is $21.6m, with an Earnings Before Depreciation Amortisation and Tax (EBDAT) of $1.7m loss. Whilst revenue results are in line with expectations, EBDAT is $0.7m better than expected.

Furniture Division: Revenue for the financial year ending 30 June 2012 of $14.8m (a $1.0m improvement on 2011) is in line with expectations. The EBDAT loss of $1.1m for the 2012 financial year, is $0.3m better than expected.

Like most manufacturing businesses, our furniture division faced many challenges over the last 12 months. However, it was able to sustain and improve its position during these tough economic times by continuing and accelerating its quest of becoming a leaner more efficient company with clear goals and a detailed plan of how to achieve them.

Gregory Commercial Furniture business model has enabled it to become a "Turn Key" solution provider to its existing and future customers. This coupled with new operational, supply and procurement strategies, has enabled the provision of quality products at a market competitive price, which is enhancing both sales and profit margins.

Our renowned Dual Density seating and our new patent pending "Tri Tek" seat technology, for which we were a finalist in the Australian International design awards, coupled with other product additions, makes Gregory the complete commercial furniture supplier capable of meeting the needs of its current and future customers.

The Division-wide implementation of the new operational, supply and procurement strategy, has led to success in securing approximately $7m in additional new business with government departments such as the Department of Human Services and the ATO, a 4-year contract with Telstra and preferred supplier contracts with UNSW, UTS & Melbourne University in Australia. In addition to this, we have had resounding success in New Zealand with exclusive supply contracts with the District Health Boards and Defence Force, which will come into full swing during the 2012/2013 financial year.

The major focus for the coming financial year continues to be on exclusive long-term supply contract arrangements with Government, Corporate as well as Health and Aged Care facilities to ensure the Division's continued growth and success as a true turnkey office furniture solution provider. Hence, projected Furniture Division sales for the financial year ending 30 June 2013 are expected to be in the order of $19m with Earnings Before Tax of approximately $1.5m.

Technology Division: Revenue for the financial year ending 30 June 2012 is $6.7m with an EBDAT loss of $0.7m, is $0.3m better than expected.

As previously reported, the less than anticipated revenue outcome and poor profit result, compared to last year, is a direct consequence of the Division losing a major client ($3m) and the non-reoccurring Government project secured last year by Opentec ($2.4m).

In line with changes announced in November 2011 and subsequently, our technology division was comprehensively restructured to make it an efficient leaner operation providing innovative design solutions. This coupled with an enhanced outsourcing strategy, ensures Inventis Technology is able to compete in today's challenging market-place. Additionally, to improve profitability, efficiency and reduce overheads even further, the Inventis Technology is relocating to new 'fit-for-purposes' premises in Auburn.

Although these measures have had a negative impact on profitability and cash-flow during the last financial year and for a part of this 2012/2013 financial year due to one-off restructuring costs, they are expected to bear fruit as from the second quarter of the 2012/2013 financial year.

Having refined its technology, product offering and cost-efficiency, Inventis Technology is experiencing a distinct increase in orders from both existing and new customers in both government and the private sector. This is expected to enable the Technology Division to achieve a revenue forecast of $12m for the coming financial year with Earnings Before Tax of approximately $1m

Inventis Group: The Board has been exploring alternatives to support the cash-flow strain created by the restructuring, sales growth and projected increase in revenue for the coming financial year (2012/2013), which is expected to exceed $30m with Earnings Before Tax of $2m. Therefore, to reduce costs further and provide for greater autonomy and control at the divisional level, the Board has implemented the following further initiatives,

- **Funding Measures** including,
    - ***Sale of Building:*** One of the four buildings previously occupied by the Technology Division is owned by the Company. This building has been placed on the market and the proceeds will be used to eliminate the mortgage debt in the sum of $0.6m with surplus applied to funding operations and cash-flow;
    - ***Invoice Finance Facility:*** The Company has moved away from its previously limited invoice finance facility with Westpac to a new facility with Scottish Pacific, which provides it with up to $4m, in addition to the $1m facility already put in place for New Zealand. This being a $2m facility for each of the two Australian Divisions;
    - ***Transactional Banking:*** Is being moved from Westpac to the Commonwealth bank, and the Company will soon apply for the release of the term deposits held by the bank to secure the rental Bond Guarantees of the premises presently occupied by both Gregory Commercial Furniture and Inventis Technology. This is expected to yield approximately $0.2m, which would also be applied towards funding operations and cash-flow; and

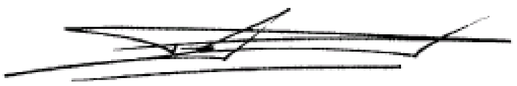
- *Capital Raising:* The previous capital raising sought to raise $1.2m. However, the Company was only able to raise half of what it needed to meet its cash-flow requirements. Consequently, to complete the task originally contemplated, the Company will shortly announce its proposed non-renounceable rights issue to raise the balance of funds required.

- **Efficiency Measures:** implemented to streamline processes, increase accountability and reduce costs, include,
  - With effect 1 August 2012, a new Board structure has been put into place whereby three separate boards are created, each focusing on its specific area. These being,
    - ***Inventis Limited:*** Although the Board will have additional duties and responsibilities and more meeting attendances, it has resolved not to increase its remuneration. In fact, the Executive Chairman's position has been reduced to 0.5FTE. The Board members are,
      - Tony Noun, Chairman;
      - Denis Pidcock, Deputy Chairman, Independent Non-Executive Director; and
      - Charles Wright, Non-Executive Director;
    - ***Gregory Commercial Furniture:*** Steven Gilming, formerly the CEO, has been appointed Managing Director for the Australia and New Zealand furniture group of companies, in addition to the three IVT directors; and
    - ***Inventis Technology and Opentec Solutions:*** Andrew Skaltsounis, formerly acting CEO, has been appointed Managing Director, for the Technology division's group of companies group of Companies, in addition to the three IVT directors.
  - By 31 August 2012,
    - ***Human Resources*** functions presently undertaken by Head Office, will be transferred to the respective division to be undertaken by existing staff within those divisions; and
    - ***Payroll*** for all three entities is to be outsourced to a specialist payroll management company.
  - By 30 September 2012,
    - ***Divisional Accounting*** is presently undertaken by two accountants at Head Office. These positions have been terminated and replacements are being appointed at the local divisional level; and
    - ***Accounts Payable/Receivable*** will also be transferred to the divisions.

  The net effect of the above is that the Inventis Head Office will only consist of the following Group-wide services:
  - Executive Chairman and Non-Executive Directors;
  - Company Secretary and In-house Legal Counsel, Renuka Sharma;
  - Chief Financial Officer and Alternate Director, Alfred Kobylanski;
  - Corporate Administration and Accounting; and
  - Information and Communication Technology Support.

- **Other Measures aimed at reducing costs include,**
  - ***Capital Consolidation*** Subsequent to the proposed Non-renounceable Rights issue, it is intended to undertake a share consolidation process on the basis of a 10 for 1 with a buy-back provision for those holding less than a marketable parcel. This will reduce the costs associated with managing the Listed Company including but not limited to, ASX and Share Registry fees as well as costs associated with small shareholding;
  - ***Annual Report,*** due for release on or before 30 September 2012, will be prepared in-house to further reduce costs; and
  - ***Annual General Meeting,*** currently scheduled for 23 November 2012, will also continue to be conducted in-house to maintain a low-cost environment.

As always, we are extremely thankful to all our stakeholders including, our customers, our suppliers and our staff for their support and efforts.



Tony Noun
Executive Chairman