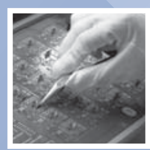
inventis
inspired solutions


INVESTING IN A FUTURE

Inventis Limited
ABN 40 084 068 673

A FUTURE THAT IS
- POWERED BY TECHNOLOGY
- DRIVEN BY SUSTAINABILITY
- INSPIRED BY SOLUTIONS

INVENTIS PROFILE

INVENTIS LIMITED IS A DIVERSIFIED COMPANY
INVOLVED IN SALES, MARKETING, DESIGN AND MANUFACTURE
OF PRODUCTS AND SERVICES WHOSE FOUNDATION IS 'INSPIRATION' AND 'INNOVATION'.

CONSISTENT WITH THIS APPROACH AND STRATEGIC
DIRECTION, THE NAME OF THE COMPANY IS INVENTIS LIMITED.

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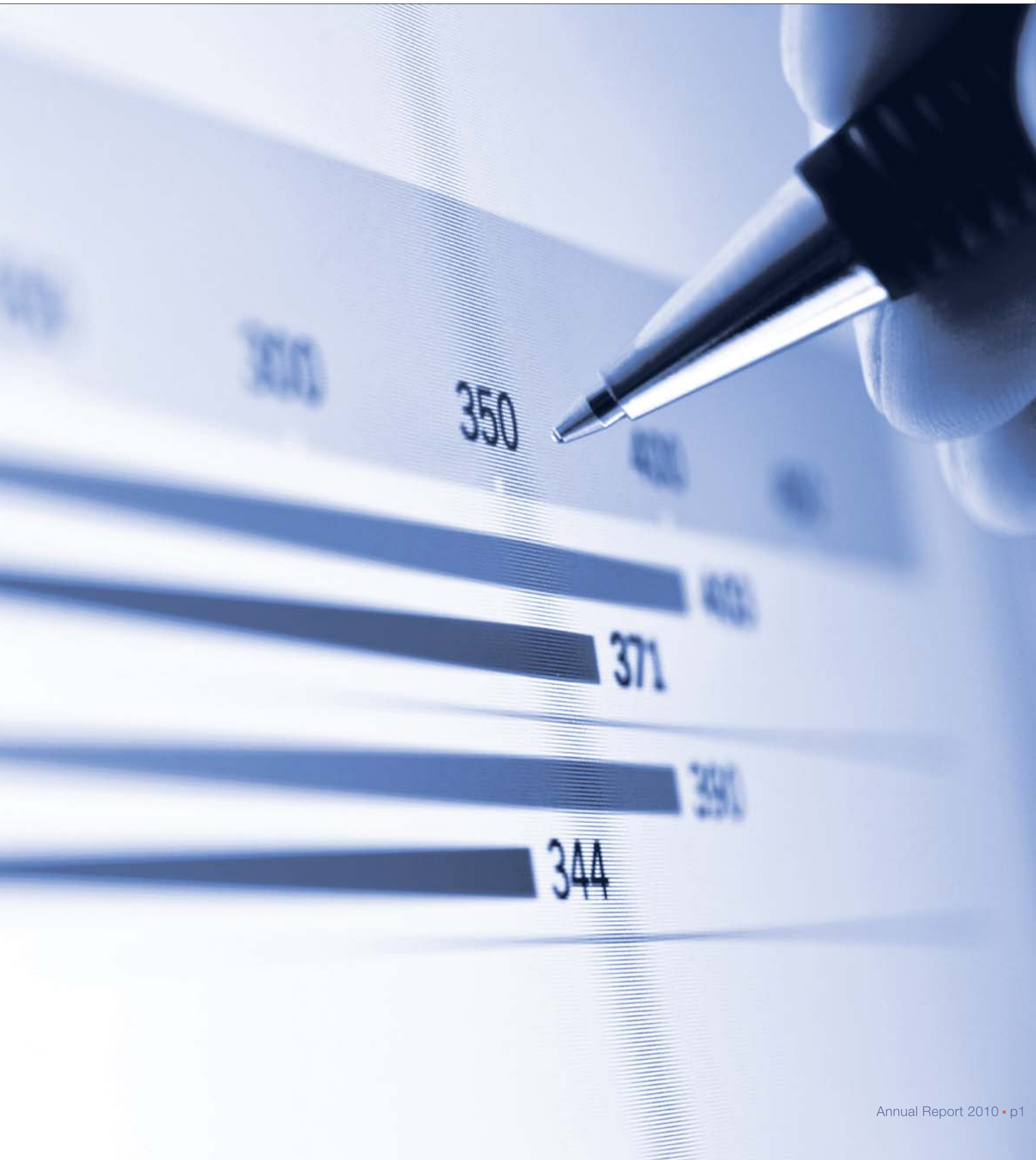
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Tony Noun
Executive Chairman

Our financial performance for FY 2010 is below expectation and that, which was achieved in the previous financial year. 2010 was a challenging year on many fronts for all involved, especially the ongoing global financial crisis. I also acknowledge that from a structural perspective, it has taken longer than expected to consolidate the many individual businesses that form the Inventis Group. However, the evolution of Inventis continues and it is now demonstrable that our transformation and 5-Year Business Action Plan set down by the Board in 2008 is coming to fruition.

Financial Highlights

I ended last year's report by pointing to the likelihood of continued economic uncertainty and a testing period ahead. So it has proved. Group sales for FY 2010 were $27.2 million, a 9.1% decrease from the $29.9 million achieved in 2009. We also recorded a net operating loss for FY 2010 of $1.9 million, compared to a net operating profit of $3 million last year. This year's results include, Furniture Division relocation expenses of $0.5 million; a write back in deferred tax asset as per IFRS of $0.6 million; the discontinued operations of Alpha Aviation of $0.6 million and accelerated depreciation for leasehold improvements of $0.1 million. However, Corporate expenditure was significantly reduced by approximately $0.5 million (or 22%), compared to the previous financial year.

Group Business Overview and Strategy

Although our FY 2010 results were lower than we expected, the new year brings confidence that we have made the necessary adjustments to respond to global market conditions and that we have positioned ourselves for new opportunities and future profitable growth by successfully managing the risks of a new and challenging business environment.

In particular, we made good progress in year two of our 5-Year Business Action Plan by taking further steps beyond the Group's transformation to maintain tight control over our finances in a difficult economic environment. Each of our two business divisions are now ready to meet the challenges ahead with the flexibility to alter production levels in line with demand, and an ability to react quickly to changing markets by adjusting our purchase prices for raw materials and product components, and thus our overall production costs.

The Inventis Board takes seriously its commitment to ethical standards of business conduct and corporate governance at every level of Group activity.

Our consistently applied business principles continue to provide for conservative financial and accounting practices, together with an operational culture focussed on continual improvement. These principles also include the disciplined execution of strategies to support our current and future customers' needs and to differentiate ourselves from our competitors.

Strategic Initiatives

We continue to increase capacity organically by diversifying into related market sectors, seeking growth from new and better managed channels to market, expanding our range of service capabilities, improving the quality and mix of our product portfolio, increasing the scale of projects undertaken and strengthening strategic alliances and relationships. Our strategic initiatives are also supported by a number of projects currently under management and a substantive pipeline of new projects, which we believe there is reasonable likelihood the Company will be awarded a contract for its products and services.

The diversity in our brand portfolio is also no accident as product branding and positioning is a key part of our overall strategy. We are therefore constantly fine tuning the portfolio to help insulate the business from economic cycles, as well as taking advantage of favourable market dynamics in particular product segments.

Overarching all these initiatives has been the Company's focus on implementing 'lean manufacturing' principles in our Technology and Furniture Divisions' manufacturing businesses and improving our operational effectiveness. This has been achieved through various restructuring and integration activities, generating substantial cost savings by working more efficiently as a Group and with our business partners, improved pricing disciplines and supply chain initiatives, and a greater focus on accountability and cash management. Furthermore, we continue to focus on improving our quality procedures, environmental performance and safety outcomes. Strategies implemented that have helped to underpin this year's resilience against a backdrop of global economic adversity and weak trading conditions, increased competition and downward pressure on pricing.

Even though the Federal Government's stimulus package did contribute to sustaining the Australian economy, it did not result in an increase in demand for our type of products, however, with the groundwork laid for improved financial performance and building on our strengths, we expect to unfold new initiatives to better adapt our business to the changing economic climate, and the eventual recovery in consumer and business spending.

There is also no doubt that with the market position Inventis holds, we can establish significant sales momentum once economic conditions begin to improve. What's more, with our considerable market development experience we will be guiding our Commercial Furniture and Technology Divisions' market and product priorities, establishing further cost reductions and performance targets for sales success, while seeking to drive higher levels of customer service in order to deliver the earnings improvements we require to ensure that our Company remains resolute about achieving its current objectives and enhancing shareholder value in the medium to long-term.

Naturally, bigger issues seem to always lie ahead but your Board is confident and united in meeting the myriad of issues that confront growing companies such as Inventis and the uncertainties that volatile economies and market conditions present.

Review of Operations

The business environment has become significantly more challenging for everyone due to the global economic crisis. Very few sectors have been immune to the impact of this economic downturn. As a result many of our trading partners have turned trade management into both an art and a science and very much a distortion to their advantage.

Review of Operations Cont.

Although the year's performance for our two Divisions was below their potential capacities, to achieve their results under such difficult economic and market conditions is testimony to our low and variable-cost business model, the significant progress made in restructuring our physical operations and to our dedicated, productive workforce. By also leveraging the purchasing power of the entire Company we have been able to achieve greater economies of scale and made the most rational use of our supply chain to further drive down costs and improve both quality and response time for ourselves and our customers.

The first priority for our Technology Division is identifying and winning new business opportunities. We had a number of new customer wins that started with limited engagement, prototypes, qualification builds and design engineering projects that transitioned to manufacturing. These new relationships helped us diversify our sales base and fit very well into the low-volume, high mix business model that best aligns the Technology Division's capability to the quality, delivery and service requirements of our customers.

In most OEMs' (original equipment manufacturers) markets the final product has a value chain that runs deep into the system and our Technology Division is an integral part of that value chain, which we have traditionally relied on for a significant portion of our revenues. However, the recent global economic downturn has had a negative affect on demand for our customers' products and thus adversely affected our sales. To maintain our OEM business and profit margins, manufacturing costs needed to be further reduced through more aggressive outsourcing initiatives to China that has yielded a reduction in the cost of goods sold, without sacrificing quality for our customers.

Our Furniture Division has been focused on a three-point transformation strategy: transforming and simplifying our product offering; transforming and streamlining our production systems, both in Australia and New Zealand; and transforming our customer relationships to ensure that we are responsive to their requirements and are able to deliver innovative products and solutions tailored to their needs. We have also been focused on developing further our commercial furniture management team and sales staff needed to work together with our customers and suppliers to ensure we leverage our future investments even more effectively.

Technology Division

- The primary strategy underlying the Technology Division continues to be the diversification of the business through a mix of new products and solutions to reduce our reliance on traditional OEM customers.
- In the planning for 2009-10 we budgeted for SafeZone to achieve sales of approximately $7 million based on the infrastructure spending proposed by Governments, unfortunately this did not eventuate to the expected level. However, I am pleased to report that during the year the SafeZone brand successfully entered the market with a number of applications in the Rail and Industrial OH&S areas. Our largest win to date was the successful tendering and roll out of 13 Rail Level Crossings in Tasmania valued at $1.45 million.
- A similar application for a Rio Tinto private rail level crossing was also successfully deployed and serves as a reference site for other mining and industrial companies, which we aim to capitalise on in the current year.
- With the successful roll out of the SafeZone products Inventis Technology is now in a strong position to collaborate with all State Transport Departments to offer a cost effective, reliable and tested Rail and Road Safety solution, using the latest Wireless Technology.
- Inventis Technology also pursued the development of "green" products such as an Intelligent Variable Motor Drive System designed for the next generation of motors mandated to combat the increase of greenhouse gases by more efficient use of power.
- To continue to protect Inventis Technology margins and support our OEM customers' efforts to keep costs under control, further outsourcing to our Chinese sub-contractor was successfully carried out through the year.

- Impart Special Products continues to work with our Vehicle Body Builder customers and the NSW Fire-brigade on the introduction of the iCan system. Marketing campaigns to promote iCan to new and existing customers has seen significant increase in brand awareness and new opportunities explored, particularly in the mining, truck and trailer markets.
- Impart Special Products also expanded its range of product during the year with the design of the Emergency Alert Systems including Wireless School and Premise Lockdown Systems. The School Lockdown Systems have proven to be highly suitable for large schools and TAFEs, offering low cost simple installation.
- Opentec Solutions continued its strategy of partnering with world class product suppliers by securing distribution rights for complementary product ranges. This partnership strategy serves to broaden and diversify Opentec's product offering and solutions available into the more diverse industrial and commercial markets.
- During the year Opentec attended a number of high level conferences including:

  Australian Defence Military Communications and Information Systems expo, Canberra

  With AUSortium partner MicroSecure Corporation, Opentec partnered to demonstrate ruggedised, secure, wearable, wireless LAN solutions for field operatives and special forces applications, that deliver world class secure LAN/WAN solutions. This technology has significant potential and continues to be a core area of business development within Special Forces groups within the Australian Defense Force; and

  Biometrics Institute Conference and expo, Canberra

  The Biometrics Institute national event was an opportunity for Opentec to showcase the PDA-based DuoMetrics and UMPC-based TrioMetrics multi-modal biometrics data collection and verification systems.

Technology Division Future Direction

We will continue to increase our focus on an investment of resources in sales of our own brands in order to lessen our reliance on our OEM business and hedge against any future decrease in OEM sales. We will also use further diversification strategies in order to both exploit economies of scale and scope among supply orientated activities and to meet market demand opportunities. This will consist of both diversification in the upstream as well as downstream product market segments.

Our future direction also includes, expanding our in-house design management capability, whose principle aim is to introduce smart technology and engineering 'build-ability' into the design and production process, in order to create an expanded brand portfolio, improve costing and time outcomes. To further enhance our business, we will:

- Maintain and develop close, long-term relationships with customers;
- Focus on high-end products in growth industries;
- Deliver complete (high and low) manufacturing solutions to our customers;
- Leverage our advanced technological capabilities;
- Continue to seek cost savings and efficiency improvements; and
- Create value through collaboration and geographical expansion.

Furthermore, we will continue to provide specialist products and services complementary to our technology product portfolio through our other diversified business segments namely, Opentec Solutions and Impart Special Products.

Furniture Division

The past financial year has been demanding for both Australian and New Zealand operations of Gregory Commercial Furniture. Both divisions responded aggressively to minimise the impact of the market down-turn. While the industry as a whole has experienced significant contraction, we managed to maintain or increase our position in the market relative to our competitors.

Furniture Division Cont.

Against the background of a weak market outlook, we took early steps to ensure that the negative effects of this would be minimised. The sales strategy was completely overhauled and more emphasis placed on having access to the direct general commercial furniture market. This was achieved by restructuring the sales team so that specialist sales staff is available to pursue opportunities in the Architect and Designer segments as well as Corporate furniture fit-outs, which were previously not a core focus of the business. In addition we took control of our brand position by managing the channels to market; distributors are now fewer in number and those that remain are committed to a loyal partnership with Gregory Commercial Furniture. The sales team actively pursues Preferred Supplier Agreements with our larger clients to strengthen our relationship. New Zealand also took control of these channels to market, which has opened up new opportunities that were previously unavailable to us. As a consequence, significant NZ Government contracts such as the Corrections Board and the Waikato District Health Board have been won, with the possibility of more. In Australia, although we lost NSW Government contract supplier status, we won supplier status for the projects section of the Queensland Government furniture contract.

To strengthen Gregory's market position and take advantage of a reduced cost base and the additional Government work, we increased sales force numbers especially in growing markets such as Queensland and Victoria. This, together with the above initiatives, place our Commercial Furniture Division in good stead for the eventual upturn in the commercial furniture market.

During FY 2010 we continued our product rationalisation to ensure that the range is more manageable and tightly structured; Our Furniture Division is now able to present a family of products that provides a seating solution to our customers as opposed to simply being a task chair offering. Outsourcing of product has also been rationalised and improvements to supply and costs have been achieved with room for even further benefits. In New Zealand, manufacturing operations have been reduced to those processes that remain cost effective and the rest outsourced to specialist suppliers that provide more market competitive components. Alternate sources for systems furniture and storage have also been established.

The Gregory Commercial Furniture brand has a strong association with ergonomics and much of its brand value lies in this aspect of its seating. In order to maintain this competitive position the research and development team has successfully gained patent pending status on several new seating technologies that are now being field tested, prior to their release later this year. These new products will augment the well respected seating technologies that form the core of our furniture business and ensure Gregory's position as an ergonomic specialist for the next 10 to 15 years. Other areas of development cover specific products in order to fulfil the needs of a rapidly expanding health and aged care market.

During the year, good use was made of our association with Professor Terry Cunniffe by running ergonomic training seminars for both our key distributors and key user professionals such as Occupational Health and Safety Specialists and Therapists as well as Physiotherapists. In addition Professor Cunniffe has also been contracted to perform ergonomic assessments for clients who wish to ensure healthy working conditions for their staff. This is an area that has good potential for growth.

The lease for the premises occupied by Gregory Commercial Furniture in Australia expired in December 2009 and this was seen as the appropriate time to consolidate the operations of Sydney and Melbourne into one site in Sydney. On analysis, the savings in doing this were substantial and ongoing so in December 2009 the operation in Wetherill Park, NSW was moved to premises in Pemulwuy, West of Sydney, that were large enough to also accommodate the Bayswater, Victoria operation. In March 2010 the consolidation was completed and the operation in Pemulwuy is now running smoothly. The fiscal benefits of this consolidation are expected to bear fruit in the 2011 year.

Early in the 2011 financial year, Gregory Commercial Furniture New Zealand will also take the opportunity of the lease expiry of its South Auckland premises to relocate to further reduce its fixed costs. Suitable premises have been secured in Airport Oaks and the move will be completed by the end of October 2010.

We have used a year of uncertain market conditions to strengthen the foundations and strategies of the business. As a result of these initiatives, the Commercial Furniture Division has emerged stronger and leaner and is well positioned for future growth.

Furniture Division Future Direction

Economic conditions remain uncertain and there is reluctance in the commercial community to commit to spending substantial sums of money on office furniture. This is also causing downward pressure on pricing resulting in a continuing price competitive market. To adapt to this new environment, we have again addressed our cost base during the past year and made changes to our supply chain that has now enabled us to be in a good position to meet the pricing demands in the market without sacrificing margins. The manufacturing operations are efficient and have the capacity to be able to meet significant upturns in demand if necessary. Quality systems are being continually improved and customer service is a core value in the business.

There are new skills being brought into the sales force by specialised recruitment and all sales staff have undergone professional training. For the first time since the Damba/Gregory merger, our New Zealand operations is aggressively targeting direct sales as opposed to a passive reliance on distribution through resellers. The upshot of this is increased quoting activity and more direct contact with customers, which will undoubtedly lead to more sales in the coming months and years. The product range has also been updated with a continuing emphasis on environmentally ‘friendly’ product and processes.

A solid platform for Australia and New Zealand has been established with sound strategies in place. The Commercial Furniture Division is now well positioned to return a significant improvement in sales and profitability in the current financial year.

Our People

The trading results for FY 2010 and the challenges to maintain a sustainable future continue to put pressure on our Company in the short-term and we record our thanks to our customers and business partners for providing us with opportunities and ongoing business, our management and staff for their hard work and commitment, and our shareholders for their continued support.

We also express our appreciation to Linda Barrett, a Senior Executive in the Company from January 2008 and Non-Executive Director from 3 August to 20 November 2009, for her contribution and enormous commitment to the business during her tenure with us.

Setting Our Sights on the Future

Inventis continues to align its priorities with its customers’ priorities. And, in looking ahead, we are cautiously optimistic about sales growth in FY 2011, but it is clear we still have challenges in the market place as well as our own internal milestones to work through. Nevertheless, we believe decision points are approaching and unless we see a significant negative event in the economy, we believe that sustainable strong business growth for Inventis should re-emerge in the second half of FY 2012.

Tony Noun
Executive Chairman

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT.

A commitment to safety and a responsible attitude towards protecting and preserving the natural environment are fundamental requirements for participation in the industrial electronics, technology and commercial furniture industries. The industry reputation achieved by Inventis therefore reflects the Company's strong track record in these areas.

Occupational Health and Safety

The safety and security of our people is of paramount importance as we strive towards a goal of minimising workplace injury. Our safety performance improved during the year and is above industry comparables, reflecting positively on our focus and efforts to manage safety across all our business divisions. As part of working towards providing a safe workplace we are continuing to implement initiatives in all aspects of our safety programs to ensure that we instill a company-wide culture of effective occupational safety and health management.

As part of our corporate social responsibility and as a contributor to organisational due diligence, Inventis has put effective occupational safety and health strategic plans and performance objectives in place. These are designed to engage all employees in improving workplace safety.

Environmental Performance

Inventis is committed to the protection of the natural environment, the prevention of pollution and the optimisation of resource consumption. It meets its commitment to protection of the environment and sustainability by incorporating sound environmental protection principles into its product designs and ensuring that its manufacturing processes are executed in an environmentally responsible way.

At Inventis we devote considerable time, effort and capital to advancing manufacturing process technology to ensure we:

> minimise the environmental impacts from our operations;

> use water and energy more efficiently; and

> make use of recycled or by-product materials while delivering high performance, sustainable products.

Compliance with applicable federal, state and municipal regulations is a baseline environmental performance standard and we believe that leading organisations must go beyond minimum environmental requirements. Since its inception, Inventis has not received any fines or non-monetary sanctions for environmental non-compliance.

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

> Good Environmental Choice Australia (GECA) certification of Inca (excluding chrome based chairs), Boxta, Vclass, Bebe, Emotion, Estac and Cube visitor ranges and recent audit of our Pemulwuy manufacturing facility in September 2010.

> Reviewing options for certification for our New Zealand manufacturing facility.

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

> Continual development of an ISO 14001 compliant Environmental Management System.

> Due to recent changes with the Green Building Council of Australia standards criteria we are continually monitoring policies, procedures and products for compliance and to reinforce the importance of environmental management and standards within the Furniture Division.

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

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

WE'RE MOVING FORWARD TO CONTINUE TO IMPROVE AND GROW OUR BUSINESS.

INVENTIS BOARD

THE BOARD HAS IMPLEMENTED A SYSTEM OF INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS IN ORDER TO PROVIDE REASONABLE ASSURANCE THAT TRANSACTIONS ARE APPROPRIATELY AUTHORISED, ASSETS ARE SAFEGUARDED, AND FINANCIAL RECORDS ARE PROPERLY MAINTAINED TO PROVIDE ACCURATE AND RELIABLE FINANCIAL STATEMENTS.

Directors' report


Charles Wright
Non-Executive Director
Tony Noun
Executive Chairman
Denis Pidcock
Non-Executive Director

The Directors present their report together with the financial report of the Group, being Inventis Limited ("the Company") and its subsidiaries, for the financial year ended 30 June 2010 and the auditor's report thereon.

1. DIRECTORS

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

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

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

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

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

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

Denis Pidcock MBA, BEng
Independent Non Executive Director
Appointed as Director on 13 May 2008

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

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

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

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

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

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

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

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

Linda Barrett B.Com
Non-Executive Director
3 August 2009-20 November 2009

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

Linda's experience includes sales, marketing, supply chain management, merchandising and general management in the furniture industry.

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

2. COMPANY SECRETARY

Renuka Sharma Solicitor and ACIS
Company Secretary and In-house Counsel
Appointed as Secretary on 17 April 2007

Renuka has over the last 11 years held positions as Assistant Company Secretary, Company Secretary and Assistant to the Director, Finance and Administration of a number of companies in India, Australia and the United Kingdom. Prior to this she practised as an Advocate at Delhi High Court and the Supreme Court of India for 5 years.

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

3. DIRECTORS' MEETINGS

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

	Board Meetings		External Auditor and the Board	
Director	A	B	A	B
T Noun	11	11	2	2
D Pidcock	10	11	2	2
C Wright	11	11	2	2
L Barrett	4	4	1	1

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

(i) The external auditor met with the Board twice during the year together with management. With effect 26 November 2008, following the restructure of the Board, the Board revoked the delegation to the Audit and Risk Management and Remuneration and Nomination sub-committees and undertook the tasks of the committees.

4. DIRECTORS' INTERESTS

The relevant interest of each Director that held office during the year in the ordinary shares issued by Inventis Limited, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at 30 June 2010 is as follows:

	Number of Ordinary Shares				
	30 June 2009	Acquired	Sale/Transfer	Cancelled	30 June 2010
Tony Noun	4,432,952	528,923	-	-	4,961,875

5. CORPORATE GOVERNANCE STATEMENT

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance and the Company has adopted certain of the ASX Guidelines on "Corporate Governance Principles and Recommendations – Second Edition".

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

5.1 Board and Management

5.1.1 Role of the Board

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

The Board meets regularly to discharge its duties and each Director has signed an appointment letter setting out his/her rights and obligations as well as certain expectations. At the time of appointment, each Director is provided with an induction pack consisting of all relevant documents relating to the Corporate Governance.

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.1 Board and Management cont.

5.1.1 Role of the Board cont.

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

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

5.1.2 Board's delegation of authority

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

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

5.1.3 Evaluation of performance of the senior executives

At the appointment stage, each senior executive is provided with their job description along with the appointment letter and key performance indicators are set for measuring their performance in the probation period as well for the year ahead.

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

The respective General Managers and the Chief Financial Officer consult with the senior executives directly reporting to them and set the Key performance indicators (KPIs) for each of them.

In the financial year ended 30 June 2010, the performance evaluation of all the employees was conducted in June-July 2010 according to the KPIs set for each employee in the previous financial year.

5.1.4 Board and its performance

a. Composition of the Board and Board processes

The composition of the Board during the year ended 30 June 2010 had a majority of Directors who were independent.

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

- From 1 July 2009 to 2 August 2009 – An Executive Chairman (Tony Noun) and two independent Non-Executive Directors (Denis Pidcock and Charles Wright). The Chairman does not have a right of veto under the Company's constitution;
- From 3 August 2009 to 20 November 2009 - the Board appointed Ms Linda Barrett to be Non-Executive Director. Ms Linda Barrett did not stand for election at the Annual General Meeting held on 20 November 2009 and the Board of Directors resolved to reduce the number of Directors to three until further notice; and

> From 20 November 2009 to the date of reporting – the Board consisted of three Directors, two of whom were Independent Non-Executive Directors, and one being the Executive Chairman. The Chairman does not have a right of veto under the Company's Constitution.

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

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

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

b. The Chairman

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

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

The Independent Non-Executive Directors appointed the then Managing Director Tony Noun, as the Executive Chairman. The principle recommendations 2.2 and 2.3 are not adopted by the Company at this stage. The reason is that Tony Noun was the Managing Director and has knowledge and experience in relation to the operations of each division of the Group; and therefore is well positioned to drive the Company forward. Consequently at this stage the Chairman as well as the Chief Executive Officer position is held by the same person but the person is fully accountable to the other two Directors who receive weekly reports on the Chairman's activities.

In addition, Denis Pidcock was appointed lead Independent Director to ensure the independence of the Board is maintained.

c. Evaluation of the performance of the Board

The Board is in the process of evaluating the performance of the Board for the financial year ended 30 June 2010. A continuing education program is in place under which the latest updates are provided to the Directors at each meeting. The Executive Chairman and the Company Secretary also advise via email to the Directors of any significant changes relevant to the performance of the duties of Directors or of the Board as a whole.

5.2 Audit and Risk Management Committee

Since 26 November 2008, the Board has revoked the powers of its sub-committees and resolved that the Board as a whole should exercise the powers of the Audit and Risk Management Committee.

The role of the Audit and Risk Management Committee, now performed by the Board is to:

> Fulfil its audit, accounting and reporting obligations;

> Review the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASB's), and assessing whether the financial information is adequate for shareholder needs;

> Assess corporate risk assessment processes;

> Assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;

> Assess whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*;

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.2 Audit and Risk Management Committee cont.

- Assess the adequacy of the internal control framework and the Company's code of ethical standards;
- Organise, review and report on any special reviews or investigations deemed necessary;
- Assess potential fraud situations and ensure prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
- Monitor the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements;
- Address any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
- Review the performance of the external auditors on an annual basis.

5.2.1 Risk management, compliance and control

The Group strives to ensure that its products are of the highest standard. Towards this aim it has undertaken a program to achieve AS/NZS ISO 9001:2008 accreditation for each of its business segments.

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

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

- **Operating unit controls** – Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- **Functional speciality reporting** – Key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and
- **Investment appraisal** – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled. Further details of the Company's policies relating to interest rate management and credit risk management are included in the Notes to the Financial Statements;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

5.3 Remuneration and Nomination Committee

On 26 November 2008, the Board revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Remuneration and Nomination Committee.

The role of the Remuneration and Nominations Committee now performed by the Board is to:

- Design appropriate remuneration policies and monitor their implementation with respect to executives, senior managers, Non-Executive Directors and other key employees;
- Design incentive schemes to enhance corporate and individual performance;
- Design retention strategies for executives and senior management;

- Review the composition of the Board and competencies of Board members;
- Appoint and evaluate the executive Director and senior executives;
- Design and implement succession planning for Board members and senior executives; and
- Design and implement processes for the evaluation of the performance of the Executive Director and Directors.

5.4 Remuneration report - audited

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

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

B. Details of remuneration

C. Service agreements

D. Additional disclosures

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

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

Executive Directors and senior executives

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

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

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

Non-Executive Directors

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

Directors' fees

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

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

Retirement allowances for Directors

No retirement allowances exist for Directors.

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.4 Remuneration report - audited

Executive pay

The executive pay and reward framework has three components:

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

The combination of these comprises the executive's total remuneration. The Group activated its long-term equity linked performance incentives specifically for executives with effect from 1 July 2008.

Base pay

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

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

There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Executives receive benefits including car allowances.

Retirement benefits

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

Short-term incentives

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

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

Consequences of performance on shareholders wealth

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

	2010	2009	2008	2007	2006
Net (loss)/profit attributable to equity holders of the parent ($)	(1,993,035)	3,005,451	(24,871,002)	614,576	1,560,327
Basic (loss)/earnings per share	(1.9)c	2.8c	(22.03)c	0.91c	3.5c

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

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

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel of the Company are set out in the following tables.

The key management personnel of the Group include the Directors listed in the Directors Report and the following executive officers:

Consolidated Entity:

Robyn Himmelberg – General Manager, Inventis Technology Pty Limited.

Linda Barrett – Ex-General Manager, Gregory Commercial Furniture Pty Limited during part of the year.

Julian Measroch – General Manger, Gregory Commercial Furniture Pty Limited during part of the year.

Parent Entity:

Alfred Kobylanski – Chief Financial Officer

Renuka Sharma – Company Secretary

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.4 Remuneration report - audited cont.

B. Details of remuneration

		Short Term Employment Benefit					Post-employment	Other Long Term		
		Salary & Fees $	Other Benefits[1] $	Cash & Bonus[2] $	Monetary Benefits[1] $	Total $	Super-annuation Benefits $	Long Service Leave $	Total Remuneration Including Benefits $	Proportion of Performance Related %
Non-Executive Director										
Graeme Edwards	2010	-	-	-	-	-	-	-	-	-
Alternate Director to Antony Mark Turnbull Resigned as Alt Director on 27 August 2008	2009	500	-	-	-	500	-	-	500	-
Ian Winlaw	2010	-	-	-	-		-	-	-	-
Not re-elected at the AGM on 26 November 2008	2009	35,719	-	-	-	35,719	3,215	-	38,934	-
Antony Mark Turnbull	2010	-	-	-	-	-	-	-	-	-
Resigned as Director on 25 November 2008	2009	12,000	-	-	-	12,000	-	-	12,000	-
Denis Pidcock	2010	44,004	-	-	-	44,004	3,960	-	47,964	-
	2009	50,005	-	-	-	50,005	4,500	-	54,505	-
Charles Wright	2010	46,200	-	-	-	46,200	-	-	46,200	-
Appointed Director on 13 October 2008	2009	24,500	-	-	-	24,500	-	-	24,500	-
Linda Barrett	2010	15,400	-	-	-	15,400	-	-	15,400	-
Director for the period 2 August 2009 to 26 November 2009	2009	-	-	-	-	-	-	-	-	-
Executive Director										
Tony Noun	2010	200,000	-	-	-	200,000	22,360	-	222,360	-
Appointed Executive Chairman on 26 November 2008	2009	200,000	-	-	-	200,000	22,360	-	222,360	-
David Richards	2010	-	-	-	-	-	-	-	-	-
Inventis Technology Pty Ltd Alternate Director from 17April to 5 September 2008	2009	169,814	-	-	9,142	178,956	15,283	-	194,239	-
Other Key Management Personnel										
Alfred Kobylanski	2010	151,400	-	-	-	151,400	24,000	-	175,400	-
Chief Financial Officer	2009	154,750	-	-	-	154,750	20,250	-	175,000	-
Robyn Himmelberg	2010	180,000	-	-	8,039	188,089	15,000		203,039	-
General Manager - Technology Division	2009	180,000	-	-	7,051	187,051	15,000	-	202,051	-

		Short Term Employment Benefit					Post-employment	Other Long Term		
		Salary & Fees	Other Benefits[1]	Cash & Bonus[2]	Monetary Benefits[1]	Total	Super -annuation Benefits	Long Service Leave	Including Benefits	Proportion of Total Remuneration Performance Related
		$	$	$	$	$	$	$	$	%
Other Key Management Personnel										
Linda Barrett	2010	27,923	-	-	-	27,923	1,833	-	29,756	-
General Manager - Furniture Division Resigned on 31 July 2009	2009	240,000	23,000	-	-	263,000	22,000	-	285,000	-
Julian Measroch	2010	126,470	-	-	-	126,470	43,849	-	170,319	-
General Manager - Furniture Division Appointed on 17 August 2009	2009	-	-	-	-	-	-	-	-	-
Renuka Sharma	2010	75,000	720	-	-	75,720	6,750	-	82,470	-
Company Secretary	2009	73,269	720	-	-	73,989	6,594	-	80,583	-

[1] None of the Directors or other key management personnel received termination benefits or share based payments.

[2] As the Company did not meet its stated objectives for the year ended 30 June 2010, no bonus was paid to the General Managers of the Divisions.

C. Service agreements

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

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

The service contracts outline the components of compensation paid to the key management personnel but do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Tony Noun is the Executive Chairman of Inventis and he and his consulting company THN Pty Limited received a consulting fee in accordance with an agreement dated 01 January 2007. As at the date of this Report the consulting fee is set at $222,360 per annum and the agreement is subject to three months' notice period either way.

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

David Richards is the Technical Services Manager of Inventis Technology Pty Limited and was an Alternate Director to Tony Noun until 05 September 2008. David receives remuneration in accordance with a contract of employment dated 24 February 2006 as amended by letter of 3 July 2006. As at the date of this Report the salary package is $200,097 per annum with a further $100,000 bonus at risk and the contract is subject to three months' notice period either way.

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

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.4 Remuneration report - audited cont.

D. Additional disclosures

Directors' and Executive Officers' Compensation Parent Entity and Group

Details of the nature and amount of each major element of compensation of each Director of the Parent Company and the Group and each of the five named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel are set out in the tables on pages 20-21.

Non-Executive Directors

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

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

Options

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

The EPOP is administered by the Board which may determine:

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

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

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

5.5 Ethical standards and policies

5.5.1 Code of Conduct and Ethics

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

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

> To establish and maintain appropriate legal and ethical standards in dealings with business associates, advisers and regulators, competitors, employees and any other stakeholders of Inventis;
> For any Director and Senior Executive to declare any conflict of interest when it arises and Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and Directors' must withdraw themselves from any discussion pertaining to any matter in which a Director has a material personal interest. Details of Director related entity transactions with the Company and the Group are set out in the Financial Statements;

- To maintain appropriate core Company values and objectives;
- To fulfil responsibilities to shareholders by delivering shareholder value;
- To ensure the usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- To fulfil responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- To maintain employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations;
- To maintain employees' privacy by the appropriate use of privileged or confidential information;
- To avoid conflicts of interest;
- To prevent Directors and senior executives from taking advantage of property, information or position for personal gain;
- To maintain confidentiality of corporate information;
- To ensure that the Company, Directors and all employees are fair in their dealings;
- To ensure compliance with laws; and
- To establish a basis for reporting of unethical behaviour.

5.5.2 Share trading policy

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

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

Directors and senior executives are required to:

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

If an order has been placed during the trade window and it has not been completely fulfilled, the Board has authority to approve the amount of unfulfilled order to remain in the market after the trading window for such time period as the Board thinks fit.

At each Board Meeting, the Chairperson advises the members present including the senior officers, with regard to the Share Trading Policy.

These requirements also apply to all senior officers of Inventis.

5.5.3 Environmental policy

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

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

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

5. CORPORATE GOVERNANCE STATEMENT CONT.

5.6 Communication with shareholders

5.6.1 Timely and continuous disclosure

a. Policies and processes in place with regard to continuous disclosure

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

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

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

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

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

b. Shareholder communication

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

In summary, the Continuous Disclosure Policy operates as follows:

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

> All matters that are of a nature as to reasonably expect that they would affect the price of the Company's shares are advised to the ASX on the day they are discovered, and all senior executives must follow a 'Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment;

> The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it. The full Annual Financial Report is available to all shareholders should they request it;

> Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;

> All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;

> The full texts of notices of meetings and associated explanatory material are placed on the Company's website; and

> The external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

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

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

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

6. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the manufacture and sale of commercial furniture, electronic controllers and computers.

7. OPERATING AND FINANCIAL REVIEW

	2010	2009	2008	2007	2006
Net (loss)/profit attributable to equity holders of the parent ($)	(1,993,035)	3,005,451	(24,871,002)	614,576	1,560,327
Basic (loss)/earnings per share	(1.9)c	2.8c	(22.03)c	0.91c	3.5c
Dividends paid ($)	-	-	-	657,029	-
Dividends per share	-	-	-	1c	-

The amounts disclosed above for the years 2006-2010 have been extracted from Financial Statements, prepared under International Financial Reporting Standards (IFRS).

8. REVIEW OF FINANCIAL CONDITION

Capital structure

As at the balance date the number of shares on issue was 103,983,735 (2009: 103,983,735) and as of the date of filing this report the number of shares on issue were 103,983,735. At the balance date the share capital of the Consolidated Group stood at $27,692,398 (2009: $27,720,907) and net equity stood at $5,192,556 (2009: $7,508,045).

Liquidity and funding

As at the balance date, cash and cash equivalents on hand of the Consolidated Group stood at $327,755 (2009: $233,365).

Total current assets stood at $13,257,770 (2009: $13,046,868) and current liabilities stood at $15,132,072 (2009: $14,588,397) making the liquidity ratio 0.88 (2009: 0.89). Included in the current assets are assets classified as held for sale relating to Alpha Aviation Group (in liquidation and receivership) of $1,443,226 (2009: $2,157,383) and in current liabilities are liabilities classified as held for sale $6,406,185 (2009: $6,212,633) when these amounts have been excluded the liquidity ratio is 1.35 (2009: 1.30).

The Group has available to it $4.8 million in funding of which $2.9 million has been activated and as at the balance date $1.9 million, was unused.

Cash flows from operations

In the financial year net cash inflows of the Consolidated Group from operating activities were $650,230 compared to net cash outflows from operating activities in 2009 of $283,902.

Net cash inflows from investing activities during the financial year were $283,973 (2009: Outflows $17,000) of which $94,479 (2009: $158,000) for purchase of plant and equipment and $93,683 (2009: $859,000) was expended on development.

In the financial year there was a net increase in cash and cash equivalents of $94,449 (2009 decrease: $121,405).

9. REVIEW OF PRINCIPAL BUSINESSES

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

Technology Division

The Technology Division's revenue of $12.8 million for this year is a decrease of $0.5 million over the same period last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation, and impairment losses) was $2.4 million this year which is the same as last year's result.

Furniture Division

The Commercial Furniture Division's revenue was $14.4 million for this year which is $2.3 million below the same period last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation, and impairment losses) was a loss of ($0.4) million this year as compared to a profit of $0.5 million for the same period last year.

9. REVIEW OF PRINCIPAL BUSINESSES CONT.

Financial review

The consolidated results for the financial year ended 30 June 2010 are:

(In thousands of AUD)	2010	2009
Sales continuing operations	27,241	29,979
Sales discontinued operations	94	1,281
Loss from continuing operations after tax	(1,367)	(55)
(Loss)/profit from discontinued operation after tax	(626)	3,060
(Loss)/profit after tax for the period	(1,993)	3,005

The Group's Net Loss after Tax for the period was $2.0 million which included the loss relating to the Aviation Division of $0.6 million.

Segmented results

Segmental information for the year ended 30 June 2010 is:

(In thousands of AUD)	Sales	EBITDA
2010 Actuals		
Furniture Division	14,439	(395)
Technology Division	12,802	2,359
Corporate Division	-	(1,521)
Total continuing operations	27,241	443
Discontinued operations (Aviation Division)	94	(342)
	27,335	101

Strategy and future performance

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

10. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year up to the date of this Report.

11. DIVIDENDS

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

12. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

13. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums of $14,850 in respect of Directors' and Officers' liability insurance for current and former Directors and Officers of the Company. The insurance premiums relate to:

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

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

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

14. PROCEEDINGS ON BEHALF OF THE COMPANY

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

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 28 and forms part of the Directors' Report for the financial year ended 30 June 2010.

16. ROUNDING

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

This report is made with a resolution of the Directors:

Tony Noun
Executive Chairman

Charles Wright
Director

Dated at Sydney this 30th day of September 2010.

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

To: the directors of Inventis Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

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

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

KPMG

Carlo Pasqualini
Partner

Sydney

30 September 2010

Liability limited by a scheme approved
under Professional Standards
Legislation.

(In thousands of AUD)	Note	Consolidated Entity 2010	2009
Continuing operations			
Revenue		**27,241**	**29,979**
Cost of sales		(14,643)	(16,802)
Gross profit		**12,598**	**13,177**
Other income		58	155
Expenses			
Manufacturing and operations		(3,605)	(3,129)
Engineering and quality assurance		(1,590)	(1,075)
Administration		(4,344)	(4,637)
Sales and marketing		(3,606)	(4,287)
Results from operating activities	9	**(489)**	**204**
Finance income		48	51
Finance expense		(207)	(272)
Net finance expense	10	**(159)**	**(221)**
Loss before income tax		**(648)**	**(17)**
Income tax expense	11	(719)	(38)
Loss from continuing operations		**(1,367)**	**(55)**
Discontinued operation			
(Loss)/profit from discontinued operation, net of income tax	7	(626)	3,060
(Loss)/profit for the period		**(1,993)**	**3,005**
Other comprehensive income			
Foreign currency translation differences for foreign operations - continuing operations		(179)	(349)
Foreign currency translation differences for foreign operations - discontinued operations		(114)	(6)
Other comprehensive income for the period, net of income tax		**(293)**	**(355)**
Total comprehensive income for the period		**(2,286)**	**2,650**
Earnings/(loss) per share			
Basic earnings/(loss) per share	24	(1.9)c	2.8c
Diluted earnings/(loss) per share	24	(1.9)c	2.8c
Continuing operations			
Basic loss per share	24	(1.3)c	(0.1)c
Diluted loss per share	24	(1.3)c	(0.1)c

The Notes on pages 34 to 73 are an integral part of these Consolidated Financial Statements.

Consolidated Entity (In thousands of AUD)	Share Capital	Revaluation Reserve	Foreign Currency Retranslation	(Accumulated Losses)/Retained Earnings	Total Equity
	Attributable to Equity Holders of the Company				
Balance at 1 July 2008	31,357	404	(612)	(22,655)	8,494
Total comprehensive income for the period					
Profit or loss	-	-	-	3,005	3,005
Other comprehensive income					
Foreign currency translation differences for foreign operations – continuing operations	-	-	(349)	-	(349)
Foreign currency translation differences for foreign operations – discontinued operations	-	-	(6)	-	(6)
Total other comprehensive income	-	-	(355)	-	(355)
Total comprehensive income for the period	-	-	(355)	3,005	2,650
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Cancellation of shares	(3,603)	-	-	-	(3,603)
Other	(33)	-	-	-	(33)
Total contributions by and distributions to owners	(3,636)	-	-	-	(3,636)
Total transactions with owners	(3,636)	-	-	-	(3,636)
Balance at 30 June 2009	**27,721**	**404**	**(967)**	**(19,650)**	**7,508**
Balance at 1 July 2009	27,721	404	(967)	(19,650)	7,508
Total comprehensive income for the period					
Profit or loss	-	-	-	(1,993)	(1,993)
Other comprehensive income					
Foreign currency translation differences for foreign operations – continuing operations	-	-	(179)	-	(179)
Foreign currency translation differences for foreign operations – discontinued operations	-	-	(114)	-	(114)
Total other comprehensive income	-	-	(293)	-	(293)
Total comprehensive income for the period	-	-	(293)	(1,993)	(2,286)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	(29)	-	-	-	(29)
Total contributions by and distributions to owners	(29)	-	-	-	(29)
Total transactions with owners	(29)	-	-	-	(29)
Balance at 30 June 2010	**27,692**	**404**	**(1,260)**	**(21,643)**	**5,193**

The Notes on pages 34 to 73 are an integral part of these Consolidated Financial Statements.

(In thousands of AUD)	Note	Consolidated Entity 2010	2009
Assets			
Cash and cash equivalents	12	328	234
Trade and other receivables	13	5,776	5,757
Inventories	14	4,628	4,706
Prepayments		208	193
Assets classified as held for sale	8	2,318	2,157
Total current assets		**13,258**	**13,047**
Non-current assets			
Property, plant and equipment	17	1,112	2,359
Other financial assets	15	36	62
Deferred tax assets	16(iii)	1,209	1,999
Intangible assets	18	5,158	5,542
Total non-current assets		**7,515**	**9,962**
Total assets		**20,773**	**23,009**
Liabilities			
Trade and other payables	19	4,780	4,057
Interest-bearing liabilities	20	2,614	2,965
Employee benefits	22	1,331	1,353
Liabilities classified as held for sale	8	6,406	6,213
Total current liabilities		**15,131**	**14,588**
Non-current liabilities			
Interest-bearing liabilities	20	307	779
Employee benefits	22	142	134
Total non-current liabilities		**449**	**913**
Total liabilities		**15,580**	**15,501**
Net assets		**5,193**	**7,508**
Equity			
Share capital	23	27,692	27,721
Reserves	23	(856)	(563)
Accumulated losses		(21,643)	(19,650)
Total equity		**5,193**	**7,508**

The Notes on pages 34 to 73 are an integral part of these Consolidated Financial Statements.

(In thousands of AUD)	Note	Consolidated Entity 2010	Consolidated Entity 2009
Cash flows from operating activities			
Receipts from customers		30,546	33,731
Payments to suppliers and employees		(29,710)	(33,755)
Cash generated from operations		836	(24)
Interest received		21	12
Income taxes paid		(207)	(272)
Net cash from/ (used in) operating activities	32	**650**	**(284)**
Cash flows from investing activities			
Purchase of fixed assets		(94)	(158)
Development expenditure		(94)	(859)
Proceeds from sale of fixed assets and assets held for sale		472	1,000
Net cash from/(used in) investing activities		**284**	**(17)**
Cash flows from financing activities			
Proceeds from borrowings		-	646
Repayment of borrowings		(840)	(466)
Net cash (used in)/from financing activities		**(840)**	**180**
Net increase/(decrease) in cash and cash equivalents		94	(121)
Cash and cash equivalents at 1 July		234	355
Cash and cash equivalents at 30 June	12	**328**	**234**

The Notes on pages 34 to 73 are an integral part of these Consolidated Financial Statements.

CONTENTS

NOTE 1

REPORTING ENTITY

Inventis Limited (the "Company") is a company domiciled in Australia and incorporated in Australia. The address of the Company's registered office is Suite 12, 1 Box Road, Caringbah, NSW 2229. The Consolidated Financial Statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a manufacturer of products and services including ergonomic office furniture, electronic control systems and ruggedised computing products (see Note 6 – Segment Reporting).

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

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

> Inventis Limited is the legal parent entity of the Group and presents consolidated financial information; and
> Inventis Technology, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

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

Issued Capital

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

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

NOTE 2

BASIS OF PREPARATION

(a) Statement of compliance

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

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 30 September 2010.

(b) Basis of measurement

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

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

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

(c) Functional and presentation currency

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

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, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

(e) Going concern

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

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

- The Group generated cash of $0.6 million from operations and has available cash of $0.3 million. The Directors have reviewed the cash flow forecasts relating to the remaining furniture and technology operations and the Group, and 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. The available facilities total $4.8 million including $2.9 million drawn down at 30 June 2010 and $1.9 million unutilised.

- For the year ended 30 June 2010, the Group recorded a loss after tax of $1.4 million from continuing operations and a net loss after tax of $0.6 million from discontinued operations. The group is budgeting to be profitable for the year ended 30 June 2011.

- The Group has a net deficiency in current assets of $1.8 million. This includes the balances relating to Alpha Aviation, which if excluded, would result in having a net current asset position of $3.1 million at 30 June 2010. In relation to liabilities held for sale for Alpha Aviation these companies are in receivership and Inventis has not provided any guarantees to any creditors or financiers for the liabilities of Alpha, and as a result, is not likely to lead to a significant cash outflow.

Additionally, the Group is in an overall net asset position at 30 June 2010 of $5.2 million which includes the negative impact of Alpha Aviation.

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. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amount or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES

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

The comparative year information has been reclassified as required, to be consistent with the current year presentation.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(a) Basis of consolidation

(i) Principles of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Inventis Limited ("Company" or "Parent Entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Inventis Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

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

(ii) Business combinations

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Alpha Aviation – liquidation basis of accounting

As Alpha Aviation has been placed into liquidation and receivership, the financial position and results relating to those entities at 30 June 2010 have been accounted for on a basis other than going concern in the Consolidated Financial Statements for the year ended 30 June 2010.

Accordingly, all assets and liabilities relating to these companies have been classified as current and all assets have been written-down to their estimated realisable values at 30 June 2010 and for the comparative period.

(c) Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2004, the Group's date of transition to AASBs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(d) Financial instruments

(i) Non-derivative financial instruments

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

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

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

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

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

Other

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

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(d) Financial instruments cont.

(ii) Share capital

Ordinary shares

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

Dividends

Dividends are recognised as a liability in the period in which they are declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

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

(ii) Revaluation of property

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

(iii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	2.5%
Plant and equipment	9% - 50%
Furniture, fittings and equipment	11.25% - 40%
Vehicles	22.5%
Leased plant and equipment	20% - 33%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

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

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

Change in accounting policy

As from 1 July 2009, the Group has adopted the revised AASB 3 Business Combinations (2008) and the amended AASB 127 Consolidated and Separate Financial Statements (2008). Revised AASB 3 and amended AASB 127 have been applied prospectively to business combinations with an acquisition date on or after 1 July 2009.

As there were no business combinations during the financial year the change in accounting policy had no material impact on the results for the year or earnings per share.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs (see Note 3(e)(i)). Other development expenditure is recognised in profit or loss as incurred.

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

(iii) Intellectual property, customer relationships and brands

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

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(f) Intangible assets cont.

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

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

The amortisation lives used in the financial report are:

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

(iii) Other intangible assets

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

(iv) Subsequent expenditure

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

(vi) Amortisation

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

(g) Leases

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

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Costs incurred under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(h) Inventories

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

(i) Impairment

(i) Financial assets (including receivables)

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

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

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

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

(ii) Non-financial assets

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

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

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

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

(j) Non-current assets held for sale

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

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date. Consideration is given to expected future salaries and wage levels, experience of employee departures and periods of service.

Expected future payments are discounted using national government bond rates at balance sheet date with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of employee benefits provision.

(iv) Bonus plans

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

(v) Employee performance option plan

The Group has an Employee Performance Option Plan ("EPOP") available to assist in the attraction, retention, and motivation of employees, senior executives and Executive Directors of Inventis and its subsidiaries. The EPOP is not available to the Non-Executive Directors of Inventis. This plan has been activated with effect from 1 July 2008. No options have been granted to date.

(l) Provisions

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

(m) Revenue

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

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

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

(n) Lease payments

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

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

(o) Finance income and finance expenses

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets, and foreign currency losses that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

(q) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group with effect from 29 April 2006. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Inventis Limited.

(r) Goods and services tax

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

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES CONT.

(r) Goods and services tax cont.

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

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

(s) Discontinued operations

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

(t) Earnings per share

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

(u) Segment reporting

The Group comprises the following main business segments:

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

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

Other operations discontinued during the 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 in Note 6. Performance is measured based on segment profit before income tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Inter-segment pricing is determined on an arm's length basis.

(v) Presentation of financial statements

The Group has applied revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(w) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI AASB 2 - *Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

NOTE 4

DETERMINATION OF FAIR VALUES

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

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly. The market value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangible assets

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

(iii) Inventories

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

NOTE 4

DETERMINATION OF FAIR VALUES CONT.

(iv) Trade and other receivables

These amounts represent liabilities for goods and services provided by the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Non-derivative financial liabilities

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

NOTE 5

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

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

This Note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk Management framework

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

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

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

Credit risk

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

Trade and other receivables

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

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

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

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

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains sufficient cash, and the availability of funding through an adequate amount of committed credit facilities including invoice financing facilities totalling $4.0 million of which $4.0 million has been activated and as at the balance date $2.1 million, was used.

Market risk

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

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

Currency risk

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

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

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

Interest rate risk

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

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

- NZ$584,000 at an interest rate of 9.7% being the Variable Commercial Bill Rate on a 90 day roll; and
- A$1,229,000 at an interest rate of 9.0%. being the Variable Commercial Bill Rate on a 90 day roll.

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

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

NOTE 5

FINANCIAL RISK MANAGEMENT CONT.

Capital management

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

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

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

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

NOTE 6

SEGMENT REPORTING

The Group comprises the following main business segments:

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

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

Other operations discontinued during the 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.

	Furniture Division		Technology Division		Aviation (discontinued)		Total	
(In thousands of AUD)	2010	2009	2010	2009	2010	2009	2010	2009
Total revenue	15,412	17,746	12,802	13,261	94	1,281	28,308	32,288
Inter-segment revenue	(973)	(1,028)	-	-	-	-	(973)	(1,028)
Total external revenue	14,939	16,718	12,802	13,261	94	1,281	27,335	31,260
Interest income	14	1	1	3	4	-	19	4
Interest expense	-	5	-	3	288	328	288	336
Depreciation and amortisation	353	335	516	315	-	-	869	650
Reportable segment profit before income tax	969	235	(6,644)	2,060	(626)	3,060	(6,301)	5,355
Other material non-cash items:								
Related party loan impairment/forgiveness	1,774	-	(8,488)	-	-	-	(6,714)	-
Warranty claim settlement	-	-	-	-	-	3,603	-	3,603
Reportable segment assets	9,442	9,022	10,008	16,304	1,443	2,157	20,893	27,483
Reportable segment liabilities	(6,666)	(6,070)	(2,306)	(3,890)	(6,406)	(6,213)	(15,378)	(16,173)

Reconciliations 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	28,308	32,288
Elimination of inter-segment revenue	(973)	(1,028)
Elimination of discontinued operations	(94)	(1,281)
Consolidated revenue from continuing operations	27,241	29,979
Profit or loss		
Total (loss)/profit for reportable segments	(6,301)	5,355
Elimination of inter-segment profits/(losses)	95	(49)
Elimination of discontinued operations	626	(3,060)
Elimination of related party loan impairment/forgiveness	6,714	-
Unallocated amounts: other corporate expenses	(1,782)	(2,263)
Consolidated loss before income tax from continuing operations	(648)	(17)
Assets		
Total assets for reportable segments	20,893	27,483
Eliminations and other corporate assets	(120)	(4,474)
Consolidated total assets	20,773	23,009
Liabilities		
Total liabilities for reportable segments	(15,378)	(16,173)
Eliminations and other corporate liabilities	(202)	672
Consolidated total liabilities	(15,580)	(15,501)

Other material items 2010 (including discontinued operations)

(In thousands of AUD)	Reportable Segment Totals	Adjustments	Consolidated Totals
Interest revenue	19	2	21
Interest expense	(288)	(207)	(495)
Capital expenditure	66	28	94
Depreciation and amortisation	(869)	(54)	(923)
Related party loan impairment/forgiveness	(6,714)	6,714	0

Other material items 2009 (including discontinued operations)

(In thousands of AUD)	Reportable Segment Totals	Adjustments	Consolidated Totals
Interest revenue	4	8	12
Interest expense	(336)	(264)	(600)
Depreciation and amortisation	(650)	(44)	(694)

Geographical segments

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

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

NOTE 6

SEGMENT REPORTING CONT.

Geographical information

(In thousands of AUD)	2010 Revenues	2010 Non-current Assets	2009 Revenues	2009 Non-current Assets
Australia	25,184	7,355	27,262	9,130
New Zealand	3,124	160	5,026	832
Total	28,308	7,515	32,288	9,962

Major customer

Revenue from three customers of the Group's Technology Division represents approximately $7.8 million (2009:$5.0 million) of the segment's total revenues of $12.8 million (2009:$13.3 million).

NOTE 7

DISCONTINUED OPERATION

Alpha Aviation

On 22 January 2008, the Board of Directors of Inventis Limited appointed a Liquidator to its New Zealand based wholly owned subsidiaries Alpha Aviation Limited, Alpha Aviation Manufacturing Limited and Alpha Aviation Marketing Limited. The action of placing these companies in liquidation was taken by the Board as a result of the failure of Alpha Aviation to meet its projected output of aircraft and the consequential impact that this had on the funding requirements of the Alpha Aviation Group.

On the same day, the Bank of New Zealand Limited appointed a Receiver to the above three companies.

On 18 February 2008, the Bank of New Zealand appointed a Receiver to the remaining wholly owned subsidiaries in the Alpha Aviation Group, namely, Alpha Aviation Investments Limited, Alpha Aviation Design Limited, Alpha Aviation Leasing Limited, Alpha Aviation Property Limited and A&CL Properties (2005) Limited.

On 22 June 2009 part of the assets of the Alpha Aviation Group were sold by the Receiver and the name of the companies were changed by the Receiver from Alpha Aviation to Les Bleus. The exact nature of the disposal or the terms and conditions have not been disclosed 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 is currently recognised in the Consolidated Financial Statements at 30 June 2010 relating to Alpha Aviation, may be reversed (or part thereof) due to the Inventis Group not having any obligations to settle outstanding liabilities. The estimated timing of any of the above events is unknown at the date of this report.

Warranty claim settlement – 24 November 2008

On 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited and its controlled entities ("Alpha") for the consideration of $11 million, fully satisfied by shares in Inventis.

On 22 January 2008 Alpha Aviation was placed into liquidation and subsequently a Receiver was appointed by the Bank of New Zealand. Alpha's liquidation resulted from its failure to meet projected output of aircraft and to do so at the requisite cost.

On 24 November 2008 in accordance with the Sale and Purchase agreement the Directors concluded negotiations, with the Alpha Vendors for a reduction in the purchase price of Alpha Aviation from $11 million to $7.4 million. This reduction in purchase price led to the cancellation of 9 million of the 27.5 million shares issued by Inventis. This was undertaken in accordance with the original transaction pursuant to the terms and conditions of the Sale and Purchase agreement.

The cancellation of the shares in Inventis resulting from the reduction in purchase price was reflected in the Financial Statements for the prior year.

	Consolidated Entity	
(In thousands of AUD)	2010	2009
Results of discontinued operations		
Revenue	94	1,280
Expenses	(517)	(1,705)
Profit on the disposal of assets	81	210
Results from operating activities	**(342)**	**(215)**
Finance income	4	-
Finance expense	(288)	(328)
Net finance costs	**(284)**	**(328)**
Income tax expense	-	-
Results from operating activities, net of income tax	**(626)**	**(543)**
Warranty claim settlement	-	3,603
(Loss)/ profit for the period	**(626)**	**3,060**
Basic (loss)/earnings per share	(0.6)c	2.9c
Diluted (loss)/earnings per share	(0.6)c	2.9c
Cash flows from discontinued operation		
Net cash used in operating activities	(220)	(1,001)
Net cash from investing activities	374	1,000
Net cash used in financing activities	(325)	-
Net cash used in discontinued operations	(171)	(1)

NOTE 8

ASSETS AND LIABILITIES HELD FOR SALE

(i) Alpha Aviation Group is presented as a disposal group held for sale following the appointment of the liquidator and receiver on 22 January 2008, to sell the facilities due to the failure of Alpha Aviation to meet its projected output. Efforts of the receiver to sell the disposal group have commenced and the expected settlement of the disposal group is not known at the date of this Report.

(ii) Other assets held for sale by other Group entities at 30 June 2010 amount to $875,000.

	Consolidated Entity	
(In thousands of AUD)	2010	2009
Assets classified as held for sale		
Cash and cash equivalents	135	306
Property, plant and equipment	2,183	1,295
Trade and other receivables	-	556
	2,318	2,157
Liabilities classified as held for sale		
Trade and other payables	2,883	2,612
Loans and borrowings	3,523	3,601
	6,406	6,213

NOTE 9

EXPENSES

(i) Personnel expenses

(In thousands of AUD)	Consolidated Entity 2010	2009
Wages and salaries	7,129	8,375
Other associated personnel expenses	1,454	1,150
Contributions to defined contribution plans	627	790
(Decrease)/increase in liability for annual leave	(32)	(73)
(Decrease)/increase in liability for long-service leave	38	(168)
Termination benefits	111	46
	9,327	10,120

(ii) (Loss)/profit includes the following specific expenses

(In thousands of AUD)	Consolidated Entity 2010	2009
Depreciation	445	310
Amortisation	478	385
Research and development	1,590	1,075
Rental expense on operating leases: minimum lease payment	1,025	1,025
Impairment of financial assets	(48)	(47)
Net profit on disposal of non-current assets	(46)	210

NOTE 10

FINANCE INCOME AND EXPENSES

Recognised in profit or loss

(In thousands of AUD)	Consolidated Entity 2010	2009
Interest income on bank deposits	17	12
Net foreign exchange gain	31	39
Finance income	**48**	**51**
Interest expense on financial liabilities measured at amortised cost	(207)	(272)
Finance expense	**(207)**	**(272)**
Net finance expense	**(159)**	**(221)**

NOTE 11

INCOME TAX EXPENSE

(In thousands of AUD)	Consolidated Entity 2010	2009
Current tax expense		
Current period	683	336
Adjustment for pior periods	-	(111)
	683	225
Deferred tax expense		
Origination and reversal of temporary differences	(1,402)	(263)
Income tax (expense)/benefit	**(719)**	**(38)**

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

(In thousands of AUD)	Consolidated Entity 2010	2009
Total income tax expense		
(Loss)/profit from continuing operations excluding income tax	(648)	(17)
Profit/(loss) from discontinued operation excluding income tax	(626)	3,060
Profit/(loss) excluding income tax	(1,274)	3,043
Income tax using the Company's domestic tax rate of 30%	(382)	913
Effect of tax rates in foreign jurisdictions	-	(1)
Non-deductible expenses/(non-taxable income)	112	(985)
Continuing operations (NZ) - losses not recognised	230	-
Discontinued operation losses not recognised	188	-
Adjustments for prior periods	-	111
Prior year tax losses de-recognised in the current year	571	-
Tax expense	719	38

Income tax recognised directly in equity

(In thousands of AUD)	Consolidated Entity 2010	2009
Income tax on income and expense recognised directly in equity	1	5
Total income tax recognised directly in equity	1	5

Income tax recognised in other comprehensive income

For the year ended 30 June	Consolidated Entity 2010			2009		
(In thousands of AUD)	Before Tax	Tax (Expense) /Benefit	Net of Tax	Before Tax	Tax (Expense) /Benefit	Net of Tax
Foreign currency translation differences for foreign operations	(1,246)	(374)	(872)	(925)	(277)	(648)
	(1,246)	(374)	(872)	(925)	(277)	(648)

NOTE 12

CASH AND CASH EQUIVALENTS

(In thousands of AUD)	Consolidated Entity 2010	2009
Bank balances	328	234
Cash and cash equivalents in the statement of cash flows	328	234

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

NOTE 13

TRADE AND OTHER RECEIVABLES

(In thousands of AUD)	Consolidated Entity 2010	2009
Current		
Trade receivables	5,782	5,838
Provision for impairment loss	(45)	(85)
Other receivables	39	4
	5,776	5,757

(i) Bad and doubtful trade receivables

The Group has recognised a recovery of $nil (2009: $14,556) in respect of bad debts during the year ended 30 June 2010. The recovery has been included in 'administration expenses' in the Income Statement.

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

(ii) Other receivables

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

(iii) Effective interest rates and credit risk

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

Other receivables are non interest-bearing.

Receivables denominated in currencies other than the functional currency comprise $326,724 of trade receivables denominated in NZ dollars (2009: $391,003) and $25,136 of trade receivables denominated in US dollars (2009: $52,495).

NOTE 14

INVENTORIES

(In thousands of AUD)	Consolidated Entity 2010	2009
Raw materials and consumables	3,409	3,574
Work in progress	584	628
Finished goods	563	333
Stock in transit	72	171
Inventories stated at lower of cost and net realisable value	4,628	4,706

In the 2010 financial year raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $13.8 million (2009: $16.8 million). An increase in the provision for impairment of $0.2 million (2009: write back $0.1 million) has been recognised in relation to certain obsolete inventories.

NOTE 15

OTHER FINANCIAL ASSETS

(In thousands of AUD)	Consolidated Entity 2010	2009
Non-current		
Rental deposits	33	59
Other investments	3	3
	36	62

NOTE 16

TAX ASSETS AND LIABILITIES

(i) Current tax assets and liabilities

The current tax asset for the Group of $0 (2009: nil) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant authority.

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

(ii) Unrecognised deferred tax assets

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

(In thousands of AUD)	Consolidated Entity 2010	2009
Tax losses	1,303	1,001

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

(iii) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
(In thousands of AUD)	2010	2009	2010	2009	2010	2009
Consolidated						
Property, plant and equipment	2	2	(187)	(191)	(185)	(189)
Intangible assets	668	660	(116)	(189)	552	471
Inventories	32	54	-	-	32	54
Employee benefits	367	382	-	-	367	382
Bad and doubtful debts	11	26	-	-	11	26
Accruals	11	93	-	-	11	93
Other items	49	158	(161)	(220)	(112)	(62)
Tax loss carry-forwards	533	1,224	-	-	533	1,224
Net tax assets/(liabilities)	1,673	2,599	(464)	(600)	1,209	1,999

NOTE 16

TAX ASSETS AND LIABILITIES CONT.

(iii) Recognised deferred tax assets and liabilities cont.

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

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

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

(In thousands of AUD)	Balance 30 June 2009	Additions	Balance 30 June 2010
Consolidated			
Tax losses - Alpha Aviation	1,001	302	1,303
Tax losses - Gregory Commercial Furniture NZ	-	801	801
	1,001	1,103	2,104

Deferred tax assets have not been recognised in respect of these items.

NOTE 17

PROPERTY, PLANT AND EQUIPMENT

(In thousands of AUD)	Land and Building	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Total
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated - 2010						
Balance at 1 July	875	288	882	199	115	2,359
Additions	-	10	67	14	4	95
Depreciation for the year	-	(95)	(207)	(28)	(21)	(351)
Reclassification	(875)	-	-	-	(1)	(876)
Disposals		(2)	(111)	-	(2)	(115)
Balance at 30 June	**-**	**201**	**631**	**185**	**95**	**1,112**
At 30 June						
Cost or fair value	-	330	2,502	509	312	3,653
Accumulated depreciation	-	(129)	(1,871)	(324)	(217)	(2,541)
Carrying amount	**-**	**201**	**631**	**185**	**95**	**1,112**
Carrying amounts						
At beginning of financial year	875	288	882	199	115	2,359
At end of financial year	-	201	631	185	95	1,112

(In thousands of AUD)	Land and Building	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Total
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated - 2009						
Balance at 1 July	875	266	1,109	132	140	2,522
Additions	-	33	65	60	-	158
Depreciation for the year	-	(11)	(243)	(30)	(25)	(309)
Reclassification	-	-	(37)	37	-	-
Disposals	-	-	(12)	-	-	(12)
Balance at 30 June	**875**	**288**	**882**	**199**	**115**	**2,359**
At 30 June						
Cost or fair value	875	324	2,844	495	394	4,932
Accumulated depreciation	-	(36)	(1,962)	(296)	(279)	(2,573)
Carrying amount	**875**	**288**	**882**	**199**	**115**	**2,359**
Carrying amounts						
At beginning of financial year	875	266	1,109	132	140	2,522
At end of financial year	875	288	882	199	115	2,359

Valuations of land and buildings

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2009 revaluation was based on an independent valuation of the property performed by Macquarie Bell Pty Limited registered property valuers dated 8th January 2008.

The property is currently being marketed and is classified as available for sale at 30 June 2010. The valuation of 30 June 2010 has been reviewed by the Directors and concluded to be stated at fair value.

Leased assets

The Group leases plant and equipment under a number of finance lease agreements. The leases provide the Group with the option to purchase the equipment at a beneficial price. The leased equipment secures lease obligations (see Note 20(ii)). At 30 June 2010, the net carrying amount of leased plant and machinery was $5,186 (2009: $7,177).

Impairment loss

An Impairment loss of $75,000 (2009: nil) has been recognised in the Income Statement on the re-measurement of the assets of the disposal group to the lower of its carrying amount and its fair value less costs to sell.

NOTE 18

INTANGIBLE ASSETS

(In thousands of AUD)	Goodwill	Patents and Trademarks	Intellectual Property	Customer Relationships	Development Costs	Total
Consolidated - 2010						
Balance at 1 July	3,061	491	233	329	1,428	5,542
Capitalisation of Project	-	20	-	-	74	94
Impairment loss (note 9(ii))	-	-	-	-	-	-
Amortisation for the year	-	(155)	(107)	(90)	(126)	(478)
Balance at 30 June	**3,061**	**356**	**126**	**239**	**1,376**	**5,158**
At 30 June 2008						
Cost	15,197	1,773	1,051	1,087	1,580	20,688
Accumulated amortisation and impairment	(12,136)	(1,417)	(925)	(848)	(204)	(15,530)
Carrying amount	**3,061**	**356**	**126**	**239**	**1,376**	**5,158**
Carrying amounts						
At beginning of financial year	3,061	491	233	329	1,428	5,542
At end of financial year	3,061	356	126	239	1,376	5,158
Consolidated - 2009						
Balance at 1 July	3,061	724	340	339	684	5,148
Capitalisation of project	-	-	-	80	779	859
Impairment loss (Note 9(ii))	-	(80)	-	-	-	(80)
Amortisation for the year	-	(153)	(107)	(90)	(35)	(385)
Balance at 30 June	**3,061**	**491**	**233**	**329**	**1,428**	**5,542**
At 30 June 2008						
Cost	15,197	1,753	1,051	1,087	1,506	20,594
Accumulated amortisation and impairment	(12,136)	(1,262)	(818)	(758)	(78)	(15,052)
Carrying amount	**3,061**	**491**	**233**	**329**	**1,428**	**5,542**
Carrying amounts						
At beginning of financial year	3,061	724	340	339	684	5,148
At end of financial year	3,061	491	233	329	1,428	5,542

Amortisation and impairment charge

The amortisation is allocated as an expense to Administration expense.

Any impairment loss is recognised in the income statement and is allocated to Administration expenses for continuing operations.

Valuation of identifiable intangibles at acquisition (at fair value)

> **Customer Relationships** – This was valued on a discounted cash flow basis, taking into account future revenues and likely “churn” rates in customer turnover. The discount rate was based on a weighted average cost of capital for the Company;

> **Intellectual Property** – This was based on a discounted cash flow of future notional royalties. The royalty was assessed by reference to other comparable transactions and the discount rate takes into account risks and benefits associated with the intellectual property;

> **Trademarks and brand names** - These were also based on a notional royalty basis and were discounted using a weighted average cost of capital for the Company.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments reported in Note 6.

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

(In thousands of AUD)	Consolidated Entity 2010	2009
Gregory Commercial Furniture Pty Limited	1,382	1,382
Damba Furniture Pty Limited	1,183	1,183
Impart Special Products Pty Limited	496	496
	3,061	3,061

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

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

No impairment losses were incurred in the current or prior years.

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

2010 Value in use assumptions

Cash flows were projected based on the Management approved forecast for the financial year ending 30 June 2011 and cash flows for a further 5 year period to 30 June 2015 were extrapolated using a constant growth rate.

	Gregory Commercial Furniture Pty Limited	Impart Special Products Pty Limited	Damba Furniture Pty Limited	Gregory Commercial Furniture (NZ) Pty Limited	Opentec Solutions Pty Limited
Revenue growth in approved forecast for the year ended 30 June 2011	10.80%	61.12%	41.30%	61.85%	158.00%
Annual revenue growth per annum 2011 - 2015	3.50%	3.50%	3.50%	3.50%	3.50%
Inflation per annum	4.20%	4.20%	4.20%	4.20%	4.20%
Price growth per annum	3.50%	3.50%	3.50%	3.50%	3.50%
Cost growth per annum	3.30%	3.30%	3.30%	3.30%	3.30%
Pre-tax discount rate	15.90%	15.90%	15.90%	15.90%	15.90%

2009 Value in use assumptions

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

NOTE 18

INTANGIBLE ASSETS CONT.

2009 Value in use assumptions cont.

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

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

NOTE 19

TRADE AND OTHER PAYABLES

(In thousands of AUD)	Consolidated Entity 2010	2009
Trade payables	3,465	3,363
Other trade payables	508	3
GST payable	106	139
Non-trade payables and accrued expenses	701	552
	4,780	4,057

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

NOTE 20

INTEREST BEARING LIABILITIES

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

(In thousands of AUD)	2010	2009
Current liabilities		
Current portion of foreign exchange loan - commercial bill ($NZD)	104	103
Commercial bill ($AUD)	360	360
Current portion of finance lease liabilities	10	10
Debtors finance facility	2,140	2,492
	2,614	2,965
Non-current liabilities		
Foreign exchange loan - commercial bill ($NZD)	158	264
Commercial bill ($AUD)	149	509
Finance lease liabilities	-	6
	307	779

(i) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(In thousands of AUD)	Currency	Interest rate	Year of Maturity	2010 Face Value	2010 Carrying Amount	2009 Face Value	2009 Carrying Amount
Consolidated							
Foreign exchange loan	NZD	4.70%	2012	262	262	367	367
Commercial bill line	AUD	5.36%	2012	509	509	869	869
Finance lease liabilities	AUD	8.8% - 12.18%	2012	10	10	16	14
Debtors financing facility	AUD	7.51% - 11.46%		2,140	2,140	2,492	2,492

The Bank loans are secured by a fixed and floating charge over the Group's assets with a loan carrying amount of $771,143 (2009: $1,235,913).

(ii) Finance lease liabilities

The Group leases various plant and equipment with a carrying amount of $5,861 (2009: $13,136) under finance leases expiring within three years. Under the terms of the leases, the Group has the option to acquire the leased assets for between a nominal value and 20% of the agreed fair value on expiry of the leases.

Finance lease liabilities of the group are payable as follows:

(In thousands of AUD)	Future Minimum Lease Payments 2010	Interest 2010	Present value of Minimum Lease Payments 2010	Future Lease Minimum Lease Payments 2009	Interest 2009	Present Value of Minimum Lease Payments 2009
Consolidated						
Less than one year	11	1	10	10	1	9
Between one and five years	-	-	-	6	1	5
More than five years	-	-	-	-	-	-
	11	1	10	16	2	14

NOTE 21

OPERATING LEASES

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

(In thousands of AUD)	Consolidated Entity 2010	Consolidated Entity 2009
Within one year	1,047	1,041
Later than one year but not later than five years	3,622	1,123
	4,669	2,164

The weighted average interest rate implicit in the leases is approximately 12.18% (2009: 12.18%).

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

During the year ended 30 June 2010 $1,225,092 (2009: $1,024,823) was recognised as an expense in the Income Statement in respect of operating leases.

NOTE 22

EMPLOYEE BENEFITS

(In thousands of AUD)	Consolidated Entity 2010	2009
Current		
Liability for annual leave	735	768
Liability for long service leave	343	313
Other employee related	253	272
Total employee benefits - current	1,331	1,353
Non-current		
Liability for long service leave	142	134
Total employee benefits - non-current	142	134

NOTE 23

CAPITAL AND RESERVES

(i) Share capital

	Consolidated Entity 2010	2009
On issue at beginning of the year	103,983,735	112,992,147
Cancellation of ordinary shares	-	(9,008,412)
On issue at the end of the year - fully paid	103,983,735	103,983,735

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

No share options have been issued.

(ii) Translation reserve

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

(iii) Revaluation reserve

The revaluation reserve relates to the revaluation of property.

(iv) Dividends

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

(v) Dividend franking account

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $1,590,864 (2009: $1,665,332) franking credits.

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

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

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

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

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

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

NOTE 24

EARNINGS/(LOSS) PER SHARE

(i) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share at 30 June 2010 was based on the losses attributable to ordinary shareholders of $1,993,035 (2009: profits $3,005,451) and a weighted average number of ordinary shares outstanding of 103,983,735 (2009: 107,611,780). The calculation of basic loss per share for continuing operations at 30 June 2010 was based on the losses attributable to ordinary shareholders for continuing operations of $1,366,692 (2009: losses of $54,642).

(ii) Weighted average number of ordinary shares

	Consolidated Entity 2010	2009
Issued ordinary shares at beginning of the period	103,983,735	112,890,255
Effect of shares (cancelled)/issued	-	(5,278,475)
Weighted average number of ordinary shares at the end of the period	103,983,735	107,611,780

(iii) Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2010 was based on the losses attributable to ordinary shareholders of $1,993,035 (2009: profits $3,005,451) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 103,983,735 (2009: 107,611,780) The calculation of diluted loss per share for continuing operations at 30 June 2010 was based on the losses attributable to ordinary shareholders for continuing operations of $ 1,366,692 (2009: $54,642).

(iv) (Loss)/profit attributable to ordinary shareholders (diluted)

(In thousands of AUD)	Consolidated Entity 2010	2009
Net profit/(loss) attributable to ordinary shareholders (basic)	(1,993)	3,005
Weighted average number of ordinary shares at the end of the period	(1,993)	3,005

(v) (Loss)/profit attributable to ordinary shareholders – continuing operations (diluted)

(In thousands of AUD)	Consolidated Entity 2010	2009
Net loss from continuing operations attributable to ordinary shareholders (basic)	(1,367)	(55)
Net loss from continuing operations attributable to ordinary shareholders (diluted)	(1,367)	(55)

(vi) Weighted average number of ordinary shares (diluted)

	Consolidated Entity 2010	2009
Weighted average number of ordinary shares (basic)	103,983,735	107,611,780
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	103,983,735	107,611,780

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

NOTE 25

FINANCIAL INSTRUMENTS

(i) Exposure to Credit Risk

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

		Consolidated Entity	
(In thousands of AUD)	Note	2010	2009
Cash and cash equivalents	12	328	234
Trade and other receivables	13	5,776	5,757
		6,104	5,991

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

		Consolidated Entity	
(In thousands of AUD)	Note	2010	2009
Australia		5,389	4,983
New Zealand		329	301
United Arab Emirates		-	473
Other		64	81
	13	5,782	5,838

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

		Consolidated Entity	
(In thousands of AUD)	Note	2010	2009
End user customer		2,140	3,278
Distributors		1,628	1,255
Government		2,014	1,305
	13	5,782	5,838

The Group has three significant customers, an Australian distributor, a Government customer and one end-user customers, which accounted for $2,554,535 of the trade receivables as at 30 June 2010 (2009: $2,885,463).

(ii) Impairment Losses

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

	Gross	Impairment	Gross	Impairment
(In thousands of AUD)	2010	2009	2010	2009
Consolidated				
Current	3,253	-	3,478	-
Past due 30 days	2,116	-	1,807	-
Past due 60 days	229	-	288	-
Past due 90 days and over	184	45	265	85
	5,782	45	5,838	85

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

(In thousands of AUD)	2010	2009
Balance 1 July	85	252
Impairment loss (reversed)/recognised	(40)	(167)
Balance at 30 June	45	85

The impairment loss provision of $45,038 (2009: $85,192) has been determined after specific review of all outstanding amounts greater than 90 days taking into account any likely debtors insurance claims.

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

(iii) Currency risk

Exposure to currency risk

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

	Consolidated Entity	
(In thousands of dollars)	$NZD	$USD
30 June 2010		
Trade receivables	327	25
Secured bank loan	(262)	-
Trade payables	(367)	(641)
Net exposure	(302)	(616)
Estimated forecast sales	4,903	909
Estimated forecast purchases	(3,021)	(8,054)
Gross Exposure	1,580	(7,761)
30 June 2009		
Trade receivables	315	67
Secured bank loan	(367)	-
Trade payables	(420)	(719)
Net exposure	(472)	(652)
Estimated forecast sales	5,320	1,038
Estimated forecast purchases	(1,071)	(5,558)
Gross Exposure	3,777	(5,172)

The following significant rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2010	2009	2010	2009
NZD 1.00 = AUD	0.7971	0.8150	0.8110	0.8046
USD 1.00 = AUD	1.1352	1.3609	1.1733	1.2324

Sensitivity Analysis

A 10 percent strengthening of the Australian dollar against the New Zealand dollar at 30 June would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

NOTE 25

FINANCIAL INSTRUMENTS CONT.

(iii) Currency risk cont.

	30-Jun-10		30-Jun-09	
(In thousands of dollars)	Equity	Profit or Loss	Equity	Profit or Loss
Consolidated				
NZD	983	(195)	777	(237)

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

(iv) Interest rate risk

Profile

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

	Consolidated Carrying Amount	
(In thousands of AUD)	2010	2009
Fixed rate instruments		
Financial assets		
Cash and cash equivalents	328	234
Trade debtors and other receivables	5,776	5,757
	6,104	5,991
Financial liabilities		
Trade and other payables	(4,780)	(4,057)
Finance lease liabilities	(10)	(16)
	(4,790)	(4,073)
	1,314	1,918
Variable rate instruments		
Financial liabilities		
Debtors financing facility	(2,140)	(2,492)
Commercial bill line	(509)	(869)
Secured bank loans	(262)	(367)
	(2,911)	(3,728)

Fair value sensitivity analysis for fixed rate instruments

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

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points on the interest rates charged would have increased/(decreased) the profit and loss by the amounts shown below which is also the net cash flow effect. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

(In thousands of AUD)	Consolidated Profit and Loss Increase 100bp	Decrease 100bp
30 June 2010		
Variable rate instruments	(27)	27
30 June 2009		
Variable rate instruments	(25)	25

(v) Effective interest rates and repricing analysis

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

(In thousands of AUD)	Average Interest Rate	Total	6 Months or Less	6–12 Months	1–2 Years	2–5 Years	More than 5 Years
Consolidated 2010							
Fixed rate instruments							
Finance lease liabilities	12.18%	10	6	4	-	-	-
		10	6	4	-	-	-
Variable rate instruments							
Commercial bill line	5.36%	509	180	180	149	-	-
NZ secured bank loans	4.70%	262	52	52	104	54	-
Debtors financing facility	9.49%	2,140	2,140	-	-	-	-
Carrying amount		2,911	2,372	232	253	54	-
Consolidated 2009							
Fixed rate instruments							
Finance lease liabilities	12.18%	16	6	6	4	-	-
		16	6	6	4	-	-
Variable rate instruments							
Commercial bill line	5.17%	869	180	180	360	149	-
NZ secured bank loans	4.36%	367	51	51	101	164	-
Debtors financing facility	5.31%	2,492	2,492	-	-	-	-
Carrying amount		3,728	2,723	231	461	313	-

(vi) Effective interest rates and repricing analysis

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

(In thousands of AUD)	2010 Carrying Amount	2010 Fair Value	2009 Carrying Amount	2009 Fair Value
Consolidated				
Trade and other receivables	5,776	5,776	5,757	5,757
Cash and cash equivalents	328	328	234	234
Secured bank loans	(771)	(771)	(1,236)	(1,236)
Finance lease liabilities	(10)	(10)	(16)	(16)
Debtors financing facility	(2,140)	(2,140)	(2,492)	(2,492)
Trade and other payables	(4,780)	(4,780)	(4,057)	(4,057)

NOTE 25

FINANCIAL INSTRUMENTS CONT.

(vii) Estimation of fair values

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

(viii) Interest rates used for determining fair value

The interest rates used to discount eliminated cash flows, where applicable, are based on the Government yield curve at 30 June 2010 plus an adequate constant credit spread, and are as follows:

	2010	2009
Loans and borrowings	4.70% - 11.46%	4.21% - 9.45%
Leases	8.80% - 12.18%	8.80% - 12.32%

NOTE 26

CAPITAL AND OTHER COMMITMENTS

	Consolidated Entity	
(In thousands of AUD)	2010	2009
Capital expenditure commitments within twelve months	-	-

NOTE 27

RELATED PARTIES

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

Non-Executive Directors

Charles Wright

Denis Pidcock

Linda Barrett (3 August 2009 – 20 November 2009)

Executive Directors

Tony Noun

Executives

Alfred Kobylanski (Chief Financial Officer)

Robyn Himmelberg (General Manager – Technology Division)

Julian Measroch (General Manager – Furniture Division – appointed 17 August 2009)

Renuka Sharma (Company Secretary)

David Richards (Technical Services Manager – Technology Division)

Linda Barrett (General Manager – Furniture Division – resigned on 31 July 2009)

(i) Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see Note 9(i)) is as follows:

(In AUD)	Consolidated Entity 2010	2009
Short term employee benefits	875,156	1,180,469
Other long term benefits	-	-
Post-employment benefits	117,752	109,202
Termination benefits	-	-
Share-based payments	-	-
	992,908	1,289,671

(ii) Individual directors and executives compensation disclosures

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report on pages 18 to 22.

The Company paid interest of nil (2009: $1,651) to an entity associated with Mr Tony Noun.

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

(iii) Loans from key management personnel and their related parties

There are no loans outstanding at the reporting date to key management personnel or their related parties.

(iv) Other key management personnel transactions

The Company paid rent of $116,965 (2009: $108,369) to entities associated with Mr David Richards and Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the Technology Division.

The Company paid printing of $57,652 (2009: $52,719) to an entity associated with Mrs Robyn Himmelberg.

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

(v) Movements in shares

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

	Held at 1 July 2009	Purchases	Sales/ Transfers	Held at 30 June 2010
Directors				
Tony Noun	4,432,952	528,923	-	4,961,875
Executives				
Alfred Kobylanski	3,150,000	-	-	3,150,000
Robyn Himmelberg	12,920,887	-	-	12,920,887
Renuka Sharma	25,000	-	-	25,000
Julian Measroch	-	-	-	-
David Richards	13,454,414	-	-	13,454,414

NOTE 27

RELATED PARTIES CONT.

(v) Movements in shares

	Held at 1 July 2008	Purchases	Sales/ Transfers	Held at 30 June 2009
Directors				
Tony Noun	950,000	4,232,952	(750,000)	4,432,952
Linda Barrett	-	347,988	-	347,988
Graeme Edwards	7,351,648	-	(7,351,648)	-
David Richards	10,291,983	6,460,604	(3,298,173)	13,454,414
Ian Winlaw	50,000	-	(50,000)	-
Richard Sealy	4,533,805	-	(4,533,805)	-
Barry Colman	14,499,383	-	(14,499,383)	-
Executives				
Alfred Kobylanski	50,000	3,100,000	-	3,150,000
Robyn Himmelberg	10,291,983	10,702,293	(8,073,389)	12,920,887
Renuka Sharma	5,000	20,000	-	25,000

Changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue:

	Held at 1 July 2010	Purchases	Sales/ Transfers	Held at 17 Sep 2010
Directors				
Tony Noun	4,961,875	-	-	4,961,875
Executives				
Alfred Kobylanski	3,150,000	-	-	3,150,000
Robyn Himmelberg	12,920,887	-	-	12,920,887
Renuka Sharma	25,000	-	-	25,000
Julian Measroch	-	-	-	-
David Richards	13,454,414	-	-	13,454,414

NOTE 28

GROUP ENTITIES

(i) Significant subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Parent Entity	Significant Subsidiaries	Country of Entity	% Interest 2010	% Interest 2009
Inventis Limited	Gregory Commercial Furniture Pty Limited	Australia	100	100
	Inventis Technology Pty Limited (formerly PNE Electronics Pty Limited)	Australia	100	100
	Opentec Solutions Pty Limited	Australia	100	100
	Vibe Furniture Pty Limited	Australia	100	100
	Inventis (NZ) Limited	New Zealand	100	100
Inventis Technology Pty Limited (formerly PNE Electronics Pty Limited)	Impart Special Products Pty Limited	Australia	100	100
	Unattended Retail Media Pty Limited	Australia	100	-
Gregory Commercial Furniture Pty Limited	Damba Furniture Pty Limited	Australia	100	100
	Inservis Pty Limited	Australia	33	100
Inventis (NZ) Limited	Gregory Commercial Furniture (NZ) Limited	New Zealand	100	100
	Les Bleus Limited (In receivership and in liquidation and formerly called Alpha Aviation Limited)	New Zealand	100	100
	Les Bleus Investments Limited (In receivership and formerly called Alpha Aviation Investments Limited)	New Zealand	100	100
	Les Bleus Design Limited (In receivership and formerly called Alpha Aviation Design Limited)	New Zealand	100	100
	Les Bleus Marketing Limited (In receivership and in liquidation and formerly called Alpha Aviation Marketing Limited)	New Zealand	100	100
	Les Bleus Property Limited (In receivership and formerly called Alpha Aviation Property Limited)	New Zealand	100	100
	Les Bleus Leasing Limited (In receivership and formerly called Alpha Aviation Leasing Limited)	New Zealand	100	100
Les Bleus Limited (In receivership and in liquidation and formerly called Alpha Aviation Limited)	Les Bleus Manufacturing Limited (In receivership and in liquidation and formerly called Alpha Aviation Manufacturing Limited)	New Zealand	100	100
Les Bleus Property Limited (In receivership and formerly called Alpha Aviation Property Limited)	A&CL Properties (2005) Limited (In receivership)	New Zealand	100	100

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

NOTE 29

PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2010 the parent company of the Group was Inventis Limited.

	Company	
(In thousands of AUD)	2010	2009
Results of the Parent Entity		
Profit/(loss) for the period	3,422	(1,546)
Other comprehensive income	-	2
Total comprehensive income for the period	3,422	(1,544)
Financial position of parent entity at year end		
Current assets	3,147	5,668
Total assets	18,757	21,247
Current liabilities	1,038	6,646
Total liabilities	1,539	7,432
Total equity of the parent entity comprising of		
Share capital	36,629	36,658
Accumulated losses	(19,411)	(22,833)
Total equity	17,218	13,825

NOTE 30

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 31

AUDITOR'S REMUNERATION

	Consolidated Entity	
(In thousands of AUD)	2010	2009
Audit Services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	118	280
KPMG overseas:		
Audit and review of financial reports	12	43
	130	322
Other services		
KPMG Australia:		
Taxation services	11	-
	11	-
Total Auditor's Remuneration	141	322

NOTE 32

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

	Consolidated Entity	
(In thousands of AUD)	2010	2009
Cash flow from operating activities		
(Loss)/profit after tax	(1,993)	3,005
Adjustments for non-cash items:		
Depreciation	446	309
Amortisation of intangible assets	478	385
Net interest (costs)/income	474	(588)
Unrealised foreign exchange gains/(losses)	(89)	39
Loss/(gain) on sale of property, plant and equipment	35	(209)
Warranty share settlement	-	(3,603)
Income tax expense	719	38
Operating profit before changes in working capital	70	(624)
Increase in trade and other receivables	(19)	(71)
Increase in prepayments	(15)	(104)
Decrease in inventories	78	341
Increase in trade and other payables	744	464
Decrease in employee benefits	(22)	(30)
Interest received	21	12
Interest paid	(207)	(272)
Net cash inflow/(outflow) from operating activities	**650**	**(284)**

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

(a) the Financial Statements and Notes and the Remuneration Report in the Directors' report, set out on pages 18 to 73, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date; and

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

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

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

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors:

Tony Noun
Director

Charles Wright
Director

Dated at Sydney this 30th day of September 2010.

Independent auditor's report to the members of Inventis Limited

Report on the financial report

We have audited the accompanying financial report of the Group comprising Inventis Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

Independence

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

Basis of qualified opinion

As stated in notes 7 and 8 of the financial report, during the 2008 year, the Les Bleus Group of companies (formerly Alpha Aviation) ("Alpha"), being wholly-owned subsidiaries of the company, were placed into liquidation and receivership. As a result, the accounting records were not adequate to permit the application of appropriate audit procedures. Accordingly, it was not possible to obtain all the information necessary to complete our audit of Alpha relating to its performance and cash flows for the year ended 30 June 2010 and its financial position at 30 June 2010 including the comparative period.

Had we been able to complete our audit of Alpha, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2010 financial report and remuneration report including the comparatives.

Qualified auditor's opinion

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

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in paragraph 5.4 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Qualified auditor's opinion

Except for the adjustments, if any, to the 30 June 2010 financial report that we might have become aware of had it not been for the situation described above, in our opinion, the remuneration report of Inventis Limited for the year ended 30 June 2010, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG
Sydney

30 September 2010

Carlo Pasqualini
Partner

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDINGS (AS AT 30 JUNE 2010)

(a) Substantial shareholders

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

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

(b) Voting rights

Ordinary shares

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

Distribution of equity security holders

Category	Ordinary Shares
1 - 1,000	13,590
1,001 - 5,000	522,067
5,001 - 10,000	563,423
10,001 - 100,000	4,352,103
100,001 and over	98,532,552
	103,983,735

The number of shareholders holding less than a marketable parcel of ordinary shares is 236.

(c) Unquoted equity securities

Securities Exchange

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

Other information

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

(d) On-market buy-back

There is no current on-market buy-back.

(e) Twenty largest shareholders

Name	No. of Ordinary Shares Held	Percentage of capital Held
REN Nominees Pty Limited	21,400,000	20.58%
Draycom Investments Pty Limited	5,882,449	5.66%
Baldman Investments Pty Limited	8,101,883	7.79%
Mr Gunter Himmelberg and Mrs Robyn Himmelberg	6,710,043	6.45%
Treskar Pty Limited	4,800,000	4.62%
Draycom Investments Pty Limited <Drayton Super Fund A/C>	4,218,306	4.06%
Mr David Richards and Mrs Penelope Richards	3,980,580	3.83%
Mr Tony Hassan Noun	3,761,875	3.62%
Baseline Professional Services Pty Limited	3,100,000	2.98%
Izard Pacific Aviation Limited	2,750,464	2.65%
Himmelberg Investments Pty Limited	2,534,800	2.44%
SOCIETE C E A P R	1,915,258	1.84%
Himmelberg Investments Pty Limited	1,889,433	1.82%
Mr Ross Wayne Carman and Mrs Helen Therese Carman	1,735,951	1.67%
Heartland Seventeen Investments Limited	1,491,092	1.43%
Rimelton Pty Limited	1,371,951	1.32%
Ms Anna Nathan and Mr Michael Benjamin	1,114,160	1.07%
Forbar Custodians Limited	1,050,000	1.01%
Dr Rebecca Mary Chin	1,000,000	0.96%
Carman Nominees Pty Limited	924,764	0.89%
	79,733,009	76.68%

OFFICES AND OFFICERS

Tony H Noun, Executive Chairman
Denis Pidcock, Non-Executive Director
Charles Wright, Non-Executive Director
Alfred Kobylanski, Chief Financial Officer
Julian Measroch, General Manager, Furniture Division
Robyn Himmelberg, General Manager, Technology Division

COMPANY SECRETARY

Renuka Sharma, ACIS and Solicitor

Principal Registered Office

Inventis Limited

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Locations of Share Registry

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Level 3, 60 Carrington Street
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Telephone: +61 2 8234 5400
Facsimile: +61 2 8234 5455

Auditors

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

KPMG

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Solicitors

DLA Philips Fox

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Sydney NSW 2000

AND

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