2008 ANNUAL REPORT Decisive action as an agent for change.

inventis
inspired solutions

Inventis Limited

ABN 40 084 068 673

Disappo

A loss of $24.9 million was recorded after tax and abnormal items. **This is an unsatisfactory result.**

The Inventis Annual Report has taken on new significance this year. The current liquidation of Alpha Aviation has cast a dark shadow over our organisation. It must be emphasised, however, that this shadow does not extend to our Technology or our Commercial Furniture Divisions. As distressing as the liquidation and the reporting of such a significant loss may be, primarily due to the acquisition and subsequent liquidation of Alpha Aviation in New Zealand, rest assured the Board of Inventis is determined that such a fate will never befall the Company again.

The 2007/8 year was a most difficult one for Inventis. The Board recognises its principal responsibility is to create shareholder wealth for the owners of the Company. Whilst some of the decisions previously taken by the Board have not been positive for the Company, and therefore to the creation of shareholder wealth, **we have been vigorously taking steps to correct the situation.**

Because of the poor result for the year, and in order to conserve capital for the development of our Technology and Commercial Furniture Divisions, the Board recommends that no dividend be paid for this year.

inting...

and regrettable.

Inventis Profile

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

Inventis Limited operates in Australia and New Zealand as the holding Company for **Gregory Commercial Furniture Pty Limited** (incorporating the brand names, Gregory, Vibe, Damba, Boss and Pluto); and **Inventis Technology Pty Limited** (incorporating PNE Electronics, Opentec Solutions, Impart Special Products and SafeZone®).

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

Contents.

1 { REAL PROBLEMS.

Everyone needs to know what went wrong. Explanation Not Excuses.

Unfortunately Alpha Aviation faced a number of hurdles throughout the 2007 calendar year, namely:

> The dispute with the original French vendor,

> A Capital Raising programme that did not achieve its financial objectives,

> An expectation of financial assistance from the New Zealand Government that failed to materialise,

> The production performance failed to meet expectations, resulting in a significant adverse financial result,

> Significant underlying problems emerged in relation to operational and production issues, and

> Inventis was unable to continue to meet the funding requirements, which were above budgeted forecasts.

In effect, the only way to achieve the scale of operational transformation and production needed by Alpha Aviation, at the speed required, would be through significant additional and unexpected funding. In January 2008 the Inventis Board assessed the Alpha Aviation business as unsustainable. Its funding trajectory posed serious threats to the financial stability of the Inventis Group. Alpha was now also struggling with a growing number of issues including inadequate production output and operational vulnerabilities.

In addition, the overall financial results reported this year also reflect a culmination of a number of other factors. These include, the write-down of assets and intangibles relating to the liquidation of Alpha Aviation; and a lower than expected result for both the Technology and Commercial Furniture Divisions.

2 { REAL SOLUTIONS.

Everyone needs to know how we responded. Action Not Indecision.

The Inventis Board needed to act – urgently, appropriately and decisively – to halt the financial drain that was being placed on it by Alpha Aviation:

- To achieve sustainability for the Inventis Group, aligned with the pursuit of future growth, profit and competitive advantage, the Board placed the non-profitable Alpha Aviation companies (Alpha Aviation, Manufacturing and Marketing) into liquidation.
- Following the Board's decision on 22 January 2008, to place into liquidation the loss-making aviation companies, a Receiver was appointed by the Bank of New Zealand and as a consequence of a cross-guarantee between the Alpha group of companies, Alpha Design, Leasing and Properties were also placed into receivership.
- Prior to and since making the announcement on 22 January 2008, the Directors actively sought to sell the assets of Alpha Aviation or locate a joint venture partner or investor in order to mitigate the loss to Inventis.
- Subsequent to the decision to place Alpha Aviation into liquidation, the Board was restructured. Messieurs Graeme Edwards and Barry Colman resigned and were replaced by two independent non-executive directors, namely, Mr Antony Mark Turnbull and Mr Denis Pidcock. Mr Richard Sealy also resigned from the Board and from the Executive position of Deputy Managing Director and was not replaced. Mrs Robyn Himmelberg resigned as a director to focus on her role as the General Manager of the Technology Division.

Following its reconstitution, the new Board has taken decisive action to manage and position Inventis for future sustainable success. A Business Action Plan has been developed to restructure and revitalise the Inventis Group to meet this objective.

Inventis will now concentrate on a more 'Back-to-Basics' business principle. Under the new Board's guidance, we will implement three basic business action plans to effect dynamic transformation in the new Inventis business model. These being:

- Enforce strict risk management controls with a view to securing earnings, especially when it comes to the development of products and markets where there will be a greater requirement to anticipate changing economic conditions and customer needs,
- Strengthen competitiveness in the Group's divisions by adopting best practice and becoming a customer-centric business that encourages performance and service, and
- Enhance focus on the identification and exploitation of new business opportunities through proactive sales and marketing backed by product design, development and innovation.

The Board and management are continuing their efforts to raise productivity and quality of the Group's activities by promoting standardisation, environmental certification and better sharing of know-how, sales and marketing ideas and opportunities as well as technology and information.

Highlights.

The results in brief were:

- > Alpha Aviation was placed into liquidation to secure the viability of the Group,
- > The Board and Senior Executive Management team was strengthened to ensure the right set of competencies and experience to lead the Company and its respective divisions into the future,
- > Establishment of the Corporate Division as a true resource centre for the Group's finance, accounting, human resources, information technology, quality assurance and marketing functions under the leadership of the CFO,
- > Significant operational changes and re-alignment of sales team accountabilities, resulting in sales and market share growth,
- > The launch of Vibe and the Creative Vibe design competition has started to make headway into the substantial architect and designer markets,
- > Achievement of the prestigious Good Environmental Choice Australia (GECA) accreditation for the Wetherill Park plant and three of our core products, namely the Inca, Boxta and CO2,
- > A quantum shift in our technology division's strategic direction to become a sales and marketing focused organisation. This is being achieved through the appointment of a sales manager and a dedicated sales team that's focused on taking innovation and product to market,
- > International launch of SafeZone® at the Intertraffic Expo, Amsterdam. Tooling for SafeZone® is currently under way with a view to it being market ready by November 2008,
- > Launch of 'Series 5' Rugged PCs, Tablets and PDAs and expansion of the industrial-spec Opentec range, and
- > **Increased Group sales by 21.6% to $37.4 million from last year.**

The consolidated results for the Inventis Group for the financial year ended 30 June 2008 are:

Operating Highlights	2007 Actual $'000	2008 Actual $'000
Net Sales*	30,777	37,417
Gross Profit*	13,958	15,252
EBITDA*	1,422	(216)
NPAT	615	(24,871)
Total Assets	30,841	25,501
Total Shareholder Equity	20,834	8,494

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

REVIEW 2007/8.

The major disappointment for the year was undoubtedly the liquidation of Alpha Aviation and subsequent receivership.

The high hopes that we had for the business were dashed by operational and production inefficiencies coupled with an ongoing demand for a high level of working capital. Although the unexpected and serious losses in 2007/8 to Inventis Limited had unwelcomed financial repercussions, there is a renewed determination, focus and real progress being made to ensure the Group is well positioned for long-term sustainable growth and success.

Under the Company's new Board, risk management and Business Action Plans have been implemented to create a major shift in business focus and operational efficiency. Divisional Managers now have greater autonomy, accountability and risk management processes in place and are working together to cohesively implement these business plans.

In the year under review, the Company also finalised the consolidation of the business into three divisions namely, Head Office, Furniture and Technology. As part of this process, Inventis took steps to manage the Group more as an integrated whole by restructuring its corporate activities and commenced implementation of core administrative systems to streamline functions, improve efficiency and effectiveness and reduce costs.

Growth Prospects 2009.

Inventis Technology Division	Inventis Commercial Furniture Division	2009
> Commercialise SafeZone®, > Impart Controller Area Network (iCAN) brought to market, > New range of end-user products and solutions taken to retail and commercial markets, > Develop key export markets such as the Middle East, > Opentec Solutions strategic alliances with key Small/Medium Enterprises to develop business in previously inaccessible markets within Australia and overseas, and > Continue the focus on the growth and development of the sales and marketing team.	> Integration of Vibe as the top end designer brand, > Establish a centralised product design and marketing functions, > Further dissemination of manufacturing know-how between Australia and NZ, > Extensive audit of supply chain activities to increase scale and efficiency of operations to cope with growing sales, > Enhanced business development resources to service local and export markets, and > More environmental accreditation of products to satisfy stringent specification criteria and access more lucrative commercial contracts.	Objectives

The Company is continuing to actively work to improve its debt to equity ratio, while concentrating resources on priority business areas.

CHANGE AND ACT

By establishing a core environment that is standardised, highly accountable and effectively managed, we are establishing a platform for Inventis that is **future-ready.**

ACTION PLAN.

ADDRESSING GLOBAL AND LOCAL CHANGING ECONOMIC AND MARKET CONDITIONS

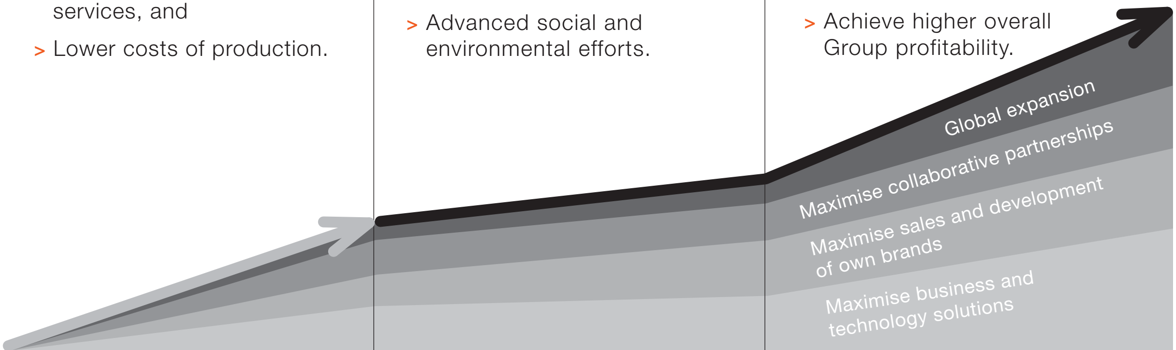
There are now real fears and growing uncertainties about the outlook for the global economy as the U.S. sub-prime loan problem sparked volatility in financial markets and a declining of available credit. The high cost of crude oil and other raw materials, the widening personal income gap, and other factors are also creating real concerns.

Total demand in the Australian market continues to show signs of trending downwards due to these global economic and market factors. This is also characterised by sluggish capital investment in the manufacturing industry. This is now leading to strong calls for lower prices from customers, making market conditions even more challenging. It is precisely because of this operating environment, however, that there are a growing number of business opportunities, as both the government and private sector actively renew their focus on structural reforms.

Considering such changes in the business environment, the following measures will be implemented as part of a new 5 Year Business Action Plan: The Inventis Group will concentrate its efforts on three basic policies: "Enforcing strict risk management with a view to securing earnings", "Strengthening the overall competitiveness of the Group's business" and "Development of new products, strategic alliances and new markets – locally and globally, thereby enhancing the promotion of new business."

5 YEAR BUSINESS ACTION PLAN The Board and Senior Management have established a clear strategy to restore the long-term profitability of the Company and to re-establish its ability to deliver sustained shareholder value. The major focus now for the Company is to substantially lower its cost of production and increase its profits and operating cash flow. This involves every member of the Inventis team accepting individual accountability for both their own and the Company's total performance.

First Stage	Second Stage	Third Stage	Objective
Reform & Create Group Stability	Growth Strategy (Local & Global)	Turn into Market Leader	
> Improve risk management efficiencies, > Ensure sufficient profit to remain competitive, > Accelerate development of new businesses, > Centralise corporate services, and > Lower costs of production.	> Maximise growth opportunity through collaboration, > Seek to differentiate from competitors, > Create new product solutions, technical innovations and improve quality, and > Advanced social and environmental efforts.	> Secure global position, > Respond best to market needs, > Commit to service excellence, > Work for value creation, > Establish new 'pillars of sustainability', and > Achieve higher overall Group profitability.	Maximise brand and corporate value on a global scale
2008	2009-2010	2011-2012	



Accountability. Sustainability. Inspired Solutions.

Nothing holds for long and change is today's reality. Since all change involves risk, it is one of the primary challenges of any company. However, we need to be accepting of change: in business resources are always finite, in particular financial, and will therefore need to be allocated appropriately to achieve our 5 Year Business Action Plan.

Our risk as such, was not in failing to complete what was originally planned, and in this specific instance we are referring to the Alpha Aviation acquisition and subsequent liquidation, but rather pursuing the original targets after business requirements had changed. However, by swiftly putting into place additional mechanisms for recording and agreeing further change we believe we have provided the greatest safeguard to the ongoing sustainability of the Inventis business.

We have now put **protecting our organisation** at the very top of the list and have re-defined what is in and what is out of scope, and this has meant honest initial appraisal followed by scrupulous monitoring and determining the limits of answerability by all parties.

As the momentum of our 5 Year Business Action Plan gathers, we are focused on the extent of providing complete accountability and transparent operations; managing socially responsible business practices, inspired designs and technology solutions. These will begin to reshape our business, how we work, and to a great degree, will have the desired positive impact on the Company's bottom line that the Board and Management of Inventis and our investors seek.

Cha-

The only constant in life, and therefore business, is change.

nge


→ The pursuit of value drives us to change
→ Turning challenges into opportunity requires change
→ The market has changed on us

Accountability.

Inventis Limited has the objective of providing a diversity of 'inspired solutions' and products across various market sectors that has required a separation of business divisions under a now centralised corporate group. In turn, this has necessitated various decisions regarding the allocation of scarce capital resources to these business units.

The ability of Divisional Management to better understand the risks that exist within their own areas of business activity and responsibility, and for that matter Corporate Management also being able to understand better those risks which exist across the Group, has now become an essential precondition to a more consistent and efficient approach to risk management by the Board.

With the need for greater accountability, we began to reconfigure the internal structure of the Company so that we could better manage risk, and better meet the needs of our Original Equipment Manufacturers (OEMs), wholesale and retail customers.

Dependence on Outsourcing

A significant proportion of Inventis' business is performed under outsourcing contracts with external suppliers. The structuring of an outsourcing contract requires considerable skills, particularly in evaluating, amongst others:

> The economic viability of the supplier,

> Whether the service can be effectively performed remotely, and

> The quality and future cost of personnel and material supplies.

If Inventis has entered into or enters into a major long-term outsourcing arrangement, on terms which could later turn out to be commercially unattractive, this could have a material adverse effect on the business, results of operations and/or financial condition of the Inventis Group.

In response to the likelihood of risk, Inventis has among other things existing procedures in place, but is also now implementing a process of continuous and critical review of the financial and commercial aspects of outsourcing agreements in light of the current and growing uncertain nature of the global and Australian economies, primarily as a result of the worsening US economy and increased global oil prices.

Additionally, a due diligence process, related to supplier material availability, delivery times,

ATTITUDES. SYSTEMS.

systems and assembly, and our own manufacturing processes, will support the adequate inclusion of assumptions in the more regular risk management reviews that will be undertaken by Inventis business operations and those specific support personnel from within corporate.

Culture

The culture of a company affects such outcomes as productivity, performance, commitment, self-confidence, and ethical behaviour.

Managing performance is one of the more complex activities we see, and one of the most important factors the Company needs to address. The potential impact of our performance management process and appraisal system that we will be vigorously implementing cannot be underestimated. Helping employees channel their talents toward Company goals is what our process and system will be designed to do. This will also be done in such a way, as to provide critical feedback, accountability, and documentation in order to achieve better performance outcomes.

We believe investing in improving performance management can yield untold returns. At Inventis, this will be a top down process of improvement and change starting with leadership actions. Leadership actions are intended to articulate clearly the strategy, vision and purpose of the Company.

To make further success out of change in our Company's cultural shift our Managing Director, newly appointed Board and Divisional Managers are well aware you simply cannot reside just in the office, but today must remain visible in operations, taking the appropriate initiatives, with the view to becoming serious role models for the Company.

Efficiency. Results.

Inventis has already made significant progress over this year and is now firmly on the path towards responding to the economic, social and environmental imperatives that will be unfolding in years to come on both a local and international scale. This path is seen more as a journey than a final destination, with the likelihood of success being measured by the number of steps that we have taken to move progressively forward.

Changes in our corporate policies, as a result of our newly implemented Business Action Plan, will obviously be an important driving force.

Inventis over the last two years has operated in a highly volatile yet increasingly regulated environment. As such, the Company is faced with increased pressures from governments, regulatory authorities and the community to reduce its impact on the environment and to participate more fully in community development. This has resulted in the integration of values and ethics into our business operations. We continue to build the critical foundations for our Company's sustainability and long-term corporate responsibility.

MAKING **CHANGE** New thinking as an agent for change. Immediate action as a positive solution for change.

INSPIRED SOLUTIONS.

The Inventis commitment began with a simple purpose that has been instilled throughout the Company: **provide 'inspired solutions' that exceeds customers' expectations.** The Company's approach, purpose and value system provide the foundation to solve today's business challenges that enables our Technology and Commercial Furniture Divisions to be successful. As we begin to develop further our 'inspired solutions' market positioning, our communication with customers and our understanding of their needs also evolves. We have found the key to our approach is through viewing business and product development solutions objectively, unemotionally and with the right level of probing and questioning in order to increase customer satisfaction, productivity, reduce costs, identify opportunities and improve profits.

Innovation is the key to future success in the business world, and our goal is to provide the technology edge that moves the Inventis enterprise to a leadership level. The culture of our Company however will govern how innovation will be handled in the years to come. Good leadership in this area will be paramount, and we believe our management team now has a clear vision and, with the appropriate accountability practices and risk management procedures in place, a willingness to change in order to nurture innovation further, while at the same time, trusting in the people with whom they work.

Innovation is also all about meaningful change that creates value over time. So we will be ensuring a good support system is also in place including people above, below and wherever - that could provide our Company 'innovators' much needed information and development support as considered necessary and practical.

However, this will mean that more processes, more metrics, formats and market research will be necessary together with more comprehensive review meetings and the nurturing of collaborative effort, especially in the early development stages.

At Inventis, we will be drawing on our expertise and experience with solutions development to help us continue to navigate through the technology, production and market complexities in order to deliver the value-based outcomes that our OEMs and end user customers need. We also believe, our improved team approach now allows us to provide inspired designs and practical innovations that not only provide solutions for today, but for the future.

Sustainability.

People not only expect a focus on sustainability, but want to work in an environment that is safe, comfortable and inspiring.

This shift has been going on since our founding Gregory Commercial Furniture days. For example, substantive progress was made to ergonomic development and Occupational Health and Safety (OH&S). Scientific awareness and data confirm the beneficial health effects of good ergonomics in office seating design and occupational settings.

Over time, the Company's occupational health and safety programmes have evolved in step with improved scientific understanding, and new types of office seating and equipment that the Inventis Commercial Furniture Division now produce, continues to carve out our market leader position in ergonomic furniture, in Australia and more recently in the New Zealand market.

For Inventis, "green and sustainable" means the utilisation of technology applications and implementation of processes and procedures to enable sustainable development through innovation in product design, material selection, production processes, mode of use, and recyclability to alleviate effects on health, safety, and the environment and to achieve conservation of resources and energy.

Responsiveness.

Dear Fellow Shareholders,

At the Board of Directors meeting on 21 January 2008, I was given the responsibility of being appointed Chairman of Inventis Limited.

However, with the appointment I have the unhappy task of reporting significant losses for the Inventis Group of $24.9 million that the Company had incurred in the 2008 financial year, principally due to the Alpha Aviation debacle.

In the months following the Alpha liquidation, Inventis started a restructuring of the Board and Senior Management team, combined with centralising its corporate services for greater efficiency. We started a new 5 Year Business Action Plan, plus other strategic and business improvement initiatives. The Board of Directors now consists of four members; three independent Non-executives and the Managing Director. This structure complies with all the ASX Corporate Governance Principles. The Company has completed the consolidation of its business units and the rationalisation of its operations at every level. The new Board and management team aligns the interests of the Company with shareholders, and aims to ensure stringent risk management policies are in place, while also ensuring greater unit performance. During 2008, more was asked from Inventis employees than ever before. They rose to the occasion. We are very fortunate to have such a great team and thank them for their ongoing support and efforts.

The new year brings confidence that we have made the necessary adjustments following the unfortunate Alpha Aviation situation, and those that were planned as part of the Inventis business strategy outlined in our 2007 reporting period. Furthermore, we are responding to changing global market conditions, which is now positioning the Company for new opportunities for profitable growth.

Alpha Aviation

The Alpha transaction is fully reviewed in the Managing Director's Report on pages 16 to 23 in the Annual Report. I would only add that the hidden costs, the time taken away from productive management and Board activities, must not be forgotten, even though they do not appear as part of the loss reported. The big cash drain stopped in January, but the mopping up continues even past this balance date.

Five Year Statistics

	2004	2005	2006	2007	2008
Net profit/(loss) attributable to equity holders of the parent company ($)	457,122	559,990	1,560,327	614,576	(24,871,002)
Basic EPS	3.6c	1.4c	3.5c	0.91c	(22.03)c
Dividends paid ($)	-	125,259	-	657,029	-
Dividends per share	-	1c	-	1c	-

2008 Achievements

Despite the challenges reported, Inventis marked the year with several important achievements – achievements that will be significant in our efforts to position the Company for future growth.

This year we invested in further development of SafeZone® In-Road Safety Alert System, a solution that goes far and beyond what exists currently, designed using PNE's significant electronics and control systems expertise. We are encouraged about the prospects for SafeZone® in the market and see considerable opportunity for it through new business alliances and overseas markets.

As part of our strategy to grow the international portion of our business we are also placing greater emphasis on nurturing already developed collaborative business partnerships. Our New Zealand furniture operations have seen dramatic improvements in operational efficiencies and business performance as a result of rationalisation of procurement, discontinuation of non-profitable product lines and appointment of a new branch manager. The Corporate Division is a resource centre for the Group, allowing us to optimise efficiencies in finance, accounting, human resources and information technology and remove these functions from the business units. As we look toward our future, we continue to invest in new products and markets. Our goal is to substantially improve our revenues within five years, an effort that we began in fiscal year 2007. In order to achieve this objective, our growth strategy will include both internal and external investments and ongoing operational improvements. We made major progress on this path in the second half of 2008.

These would be empty words without people in the organisation that share the same vision, and the experience and the ability to make the right changes to bring their vision to reality. I commend to you the section of this Report that provides details of our divisional and functional heads, it is on pages 44 to 45. The two new Board members, Denis Pidcock and Mark Turnbull, are contributing more every meeting as their understanding of the Group continues to improve. A short history of their experience is found on page 41.

Despite the challenges in today's marketplace, I am confident that Inventis is moving in the right direction. Our Company is a strong market competitor with excellent brands and technical innovations. Stay with us for the journey.

Ian Winlaw
Chairman

MANAGING DIRECTOR'S **REPORT** New thinking as an agent for change. Immediate action as a positive solution for change.

Tony Noun MD.

REASSESSING THE CORPORATE STRATEGIC PLAN

Business results for the fiscal 2008 year were far from satisfactory for the Inventis Group, with the Company suffering a net loss of $24,871,002 for the year. Of this, 92.75% or $23,068,259 related to a one-off write down following the liquidation of Alpha Aviation business.

The Alpha situation is a truly regrettable one; however, we quickly and effectively dealt with it and are moving forward in a positive manner. I will be talking about Alpha in greater detail further on in this report.

Encouragingly, it was also a year that saw Inventis remain true to its stated intention of continuing to focus on organic growth and realising shareholder value. In this regard, and during the last 12 months, we continued to devise and implement strategic initiatives that we believe will improve our overall business.

The 2008 calendar year also marked the start of our 5 Year Business Action Plan to 'boost the value of the Inventis Group over the medium to long term'.

Company Overview and Strategy

Under the Plan, we have been rationalising the workforce and establishing a centralised corporate structure, headed by Chief Financial Officer Alfred Kobylanski, who was appointed in October 2007 and brings to the team a wealth of experience in finance, management and corporate governance.

As part of this rationalisation programme, we have implemented a sales management system that can adapt to fluctuating demand. We are also aligning our R&D and manufacturing systems more closely to market needs and taking further measures to cut costs, improve outsourcing, reduce fixed assets, and expand our national and overseas market channels. These moves are aimed at improving profits and generating greater and more stable returns on our investment of management and operational resources.

While making our Group more efficient and financially stronger, we are also implementing forward-looking policies as part of our new 5 Year Business Action Plan. In sales, our Company is strengthening its marketing activities for products in both the Commercial Furniture and Technology Divisions. In doing this, particular emphasis is being placed by Inventis Technology on SafeZone® and other Government and Road Safety markets; and in Gregory Commercial Furniture, the emphasis is on product development, accessing the higher-end Architect and Designer market and consolidating our position as a leading ergonomic seating provider as well as building on our green (eco-logical) foundations. In product development, we will also continue to focus on creating new products to meet emerging demand.

Accordingly, we are implementing policies and establishing effective business and third party systems to ensure that the Inventis Group is able to generate profit, in spite of any future unfavourable market conditions that may arise from time to time.

Our Company's future depends on our ability to continue to deliver market value and customer satisfaction. Consequently, improving our peoples' skills and knowledge as well as the sharing of scarce resources and exploiting market opportunities are all essential elements paramount in our quest for success over the next five years.

Future success will also be dependant upon the careful nurturing of strategic business alliances. Therefore, third parties will need to be managed more effectively by our key Divisional Management, and the Company as a whole. By combining important and significant resources as well as shared intellectual property, I have no doubt that effective business partnerships will provide the greatest return on our investments for the future.

The Company's strategic focus will be on improving its performance in Australia and New Zealand through organic growth, whilst pursuing opportunities to further grow the business. Strategic partnerships and alliances provide the potential to further expand our business offshore. These objectives seek to take advantage of opportunities to enter new markets, expand our products and services, obtain cost and efficiency synergies as well as growing our key assets and capabilities.

Market Challenges

It is still unclear as to what the full effect of the American credit and mortgage crisis fallout will be on our own economy, and that of the rest of the world, when China and India's astonishing industrial and economic transformation will reach its peak, when the ever increasing global oil prices will abate, and for how long, how Australia's new government will manage this and its new carbon trading scheme, and for that matter, how the entire Australian business sector, and consumers in general, will cope with these unprecedented changing market trends.

In response to these challenges, we are refining our market offerings to expand our target market beyond those requiring niche technology outcomes or ergonomic commercial furniture expertise to include those who value and require inspired electronic solutions and technology resources together with 'greener' and more innovative and aesthetically designed commercial furniture products. Therefore, developing stronger customer relationship management for our new customers will be a key focus for us in the coming years.

Organisational Challenges and Risk Management

In addition to the above, further changes are being made to the organisational and management structure in order to realise the Company's future priorities.

The previous Inventis business model had become a source of inefficiency and duplication leading to greater risk exposure within the Company as it grew in scale and breadth. In response, we have adopted a centralised and 'whole of company' approach to our corporate services and as a result have also re-focused on our core operations as a priority.

I am also well aware the future risk for our Company is in the unknown – so we are now getting the right people within the Inventis Group into commercial dialogue early to ensure that promises and market expectations match. We are also looking at compliance, and particularly at how Inventis monitors and measures its own behaviour: effective metrics and review processes reduce the risk of compliance failure. So I see standards playing a critical role here, providing smoother programme rollout, rationalised and more cost-effective support,

> "The Company is actively promoting greater management of its balance sheet to improve its ability to generate cash flows."

greater control of security and governance, more transparent processes, enhanced performance and sustainable profitability.

What's more, no one in our organisation can assume that the objectives, budget and timing at the end of a project will be the same as they were at the beginning. And, simply because **'change is a reality'** we are learning to improve from our understanding of the many degrees of business success and failure we experience, in order to stay agile within the highly competitive local and global markets.

With this in mind, I am ensuring that key Divisional Management fully understand that specification and delivery need to be tightly aligned with commercial expectation and corporate objectives. Deadlines and projects must be broken down into a series of working deliverables and we must deliver on those. By doing so, I am laying the foundation for improved governance and good long-term internal and external relationships that avoid the risks associated with poor communication, lack of understanding and inadequate planning processes.

Aviation Division

The Sale and Purchase agreement for the acquisition of Alpha Aviation became unconditional on 7 December 2006.

Consequently, on 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited. This acquisition was considered and endorsed by the Shareholders at the Extraordinary General Meeting held on 16 April 2007. At that meeting the risks of the acquisition were clearly set out in the notice of meeting and highlighted by the then Chairman.

A significant risk of the acquisition identified was that should Alpha Aviation fail to scale up production to 8 aircraft per month, it would need additional funding from Inventis, which had several backup plans in place to meet such an eventuality, including,

- A proposed issue of shares (also approved at the same Extraordinary General Meeting); and
- What was believed to be a real offer of financial assistance from the New Zealand Government.

With these contingency plans, and the cash on hand in Inventis, the Directors were confident that they would be able to bring Alpha Aviation into full production and profitability. As shareholders will be aware, the issue of shares closed with a shortfall of approximately $4.7 million and the anticipated assistance from the New Zealand Government through a grant of NZ$3 million did not materialise.

In the 2007 calendar year, the management of Alpha Aviation implemented many initiatives that were effective in speeding up the production of aircraft; however, they did not speed up production fast enough. In order to give Alpha Aviation time to achieve the scale up of production, Inventis, in the period from 16 May 2007 to 21 January 2008, provided $9.2 million in funding to Alpha Aviation. In January 2008 it became obvious to the Directors that the progress at Alpha Aviation was too slow and that significant additional funding would be needed.

Noting that the Capital Raising did not achieve its objective of raising $11.25 million and the anticipated Government assistance did not materialise, a concentrated effort was made to procure a joint venture partner and/or an investor. Our efforts in this regard were hampered by the ongoing litigation with the original French vendor, which were settled in November 2007.

Alpha was continuing to burn cash at an unsustainable rate and in the absence of a buyer, joint venture partner or an investor, the Directors formed the view that continuing to fund Alpha Aviation at the rate required would financially endanger the whole Inventis Group. Therefore, the Directors resolved to put into liquidation, Alpha Aviation Limited, Alpha Aviation Manufacturing Limited and Alpha Aviation Marketing Limited. This was closely followed by the appointment of a Receiver to these same companies by the Bank of New Zealand. Subsequently, as a consequence of a cross-guarantee between the Alpha group companies, the Bank of New Zealand placed Alpha Aviation Leasing Limited, Alpha Aviation Property Limited, Alpha Aviation Design Limited, Alpha Aviation Investments Limited and A & CL Properties (2005) Limited into receivership on 18 February 2008.

The Board acknowledges the dedication, loyalty and effort of all the Inventis employees, who have continued to commit themselves to the Company in the uncertain and difficult environment surrounding the Alpha Aviation liquidation. Their efforts are truly appreciated.

Divisional performance.

While the effect of these events has had a severe impact on Inventis, the impact is limited to the Alpha group of companies, as Inventis had not guaranteed any of the advances made to Alpha Aviation by the Bank of New Zealand. This means that Inventis Technology and Gregory Commercial Furniture are able to continue trading and are doing so profitably.

It should also be noted that, prior to and since making the announcement on 22 January 2008, the Directors have actively been trying to sell the assets of Alpha Aviation or take on a joint venture partner or investor in order to mitigate the loss to the Company.

Technology Division

Last financial year, it was decided to bring all the technology related companies together under the one banner, "Inventis Technology". This year has seen the continuing integration of marketing, engineering and administration to capitalise on the economies of scale, as well as opportunities for growth and development of the individual brands within the overall Technology Division.

Inventis Technology now encompasses the brands: PNE Electronics, Opentec, Impart Special Products and SafeZone®. The past year has been one of change and challenge to position the division for growth, innovation and an exciting future. This is being achieved by a cultural change to a sales and marketing focused organisation that is supported by inspired design and innovation.

Inventis Technology's revenue was $13 million for the full year. This is $0.6 million below the same period last year. EBITDA for this year is $1,112,424 compared to $1,578,408 for the previous year.

The development of the SafeZone® 'In Road Flashing Light Alert System' project, previously reported, is now in its final stages of tooling and is on schedule to be production ready by November 2008. In April the product was released internationally in Amsterdam at the Intertraffic Road Safety Show where it received considerable interest for many and varied applications. The RTA has now called a number of tenders for the design and supply of Alert Signs and Alert Sign Controllers, tenders that our technology has participated in, both in collaboration with other parties, and in its own right. We are further developing product in this road safety space in partnership with strategic alliances to take our SafeZone® brand to the local and international market.

Impart Special Products, our sound and light segment, completed the year contributing $1.55 million to revenue. Monthly sales continue to increase with the roll out of new fire brigade vehicles and ambulances, dedicated sales staff and a focus on development of new cutting edge product for this specialist area.

Opentec Solutions

Our rugged computing segment has not performed to expectations due to the project and cyclical nature of the business. Due to this, the decision was made to impair the Intangible Assets of Opentec. A strong commitment is continuing to be made to develop value-added products for this segment, which together with a dedicated sales force, is aimed at reducing the reliance on the cyclical nature of product sales. Also, the 'AUSortium' initiative (a consortium of complimentary businesses working together to take product to the local and international market) and the dedicated sales team have created enthusiasm in the marketplace and we not only anticipate an uplift in sales from these initiatives, but more importantly a regular sales volume, which should start flowing from regular customers such as the Defence, Maritime, Local Government, Mining and Industrial Sectors. Negotiations with Middle East and other international customers are continuing.

Furniture Division

Gregory Commercial Furniture continued to consolidate its position as one of the leading commercial seating manufacturers in both Australia and New Zealand, recording significant top line sales growth, together with improvements in margins in the Australian business throughout the year. New Zealand remains challenging with the team continuing to work through some of the legacy issues and operational challenges.

New General Manager Appointed

The appointment of Linda Barrett to head our Commercial Furniture Division as General Manager completes our core senior executive team, which now manages the Inventis operations. Linda brings to the Commercial Furniture Division extensive experience in product design and development, local and international sourcing, merchandising planning, supply chain and logistics, together with strong sales and marketing background.

Linda's key objectives include, driving greater consistency across the Division, enhancing customer focus and improving operational performance and accountability of every aspect of our commercial furniture business.

Boss Design – Settlement and New Agreement

In acknowledging the importance of the Boss Design brand and product range to our larger objectives to better service the Architect and Designer sector with premium designer products, we are pleased to announce a settlement that ensures the continuation of our Boss Design licence as well as a significant reduction in the Company's liability, in the event that Boss Design sales do not meet their expected targets.

Whilst the royalty agreement remains largely similar to the initial settlement agreed in 2006, by paying a settlement in the sum of $250,000, we have removed the liability of $300,000 for the period ended 30 June 2008; and renegotiated a far better deal with Boss Design, whereby royalties are directly related to sales of the Boss product, rather than a minimum fee structure, thus reducing our potential liability from $1.2 million over the next four years, to zero. That is, payments to Boss with respect to royalties will only be made when sales of the Boss product are made.

Making it happen.

Damba Acquisition – Final Settlement

Inventis acquired the business and assets of Damba Furniture Limited in New Zealand and all the shares on issue in Damba Furniture Pty Limited in Australia on 16 May 2007. The total consideration for the acquisition of Damba was:

> The issue of 3,300,000 fully paid Inventis shares at an issue price of AU$0.55 per share. These shares were held in escrow for 12 months; plus

> The assumption of certain liabilities of Damba and the retirement of a debt facility to Westpac Banking Corporation which amounted to AU$1,424,951.

On 27 May 2008, Agreement has been reached to settle a warranty claim made against the vendors. This has resulted in the cancellation of 872,606 shares and a consequent reduction in the purchase price in the accounts of the company in the sum of $479,933.

The balance of 2,427,394 shares previously held in escrow has now been released.

Both the Boss Design and Damba Settlements are excellent outcomes for the Company.

Operational efficiencies.

New Zealand

Enormous changes in the manufacturing plant over a six-month period have significantly improved the operational efficiencies in the Auckland plant. A re-alignment of the sales team's accountabilities and a dedicated customer-centric focus has begun to show positive results, evidenced by increased sales and growing market share. Despite general predictions of a softening of the commercial market in the country, the New Zealand branch began to gain real momentum towards the end of the financial year. This bodes well for the achievement of our sales targets in FY2009.

Australia

Gregory Commercial Furniture continues to operate in two separate manufacturing plants, Bayswater in Victoria and Wetherill Park in Sydney. Throughout the coming financial year, both plants will relocate to premises that allow for future sales growth and provide better operational efficiencies and lower costs. The sales team in Australia increased by 5 people, incorporating the Vibe sales staff and adding additional resources in Victoria and Western Australia.

Commercial Furniture Division revenue was $24.4 million for the full year. This is $6.6 million above the same period last year. EBITDA for this year is $1,118,291 compared to $1,841,828 for the previous year.

Highlights: Gregory Commercial Furniture

The Senior Management Structure was broadened to create further strategic focus in key areas such as Sales, Product Development and Marketing. These 'front end' functions have been closely aligned to the manufacturing and operational strengths already present in the business. This has resulted in a new and dynamic middle management structure that works together to drive the Company forward.

Development of one company structure between Australia and New Zealand has focused on establishing a single presence – Gregory Commercial Furniture – in both countries. The Damba name has been preserved and will continue to operate as a focused sub-brand, retaining its market presence in New Zealand where the name is known and respected.

Development of cohesive branding strategies for Gregory Commercial Furniture has seen the launch of the tag line 'Ergo-Ecological' to replace 'Ergonomic to the Core', which will remain a dedicated branding position for Gregory's ergonomic range of task and executive seating. 'Green to the Core' has also been launched to anchor the Company's commitment to environmentally friendly manufacturing processes and products.

The Commercial Furniture Division's commitment to eco-friendly products and manufacturing saw the Good Environmental Choice Australia (GECA) accreditation of our Wetherill Park plant

Consolidated Results for the Inventis Group

$(000)	2007 Actual	2008 Actual
Sales	30,777	37,417
NPAT	615	(24,871)

and three of its products namely, Inca, Boxta and CO2. In the coming year, it is anticipated that another 10 products will achieve this prestigious accreditation.

This period also saw the establishment and positioning of the Vibe Furniture business in Australia to access and capture the “high end” product range through the Architect and Designer Market, utilising a mix of local and international talent. During the year, Vibe Furniture ran a very successful Design competition, which attracted many exciting concepts and products from New Zealand and Australia. Two of the winning entries have now been commercialised and added to the Vibe Furniture range. The inaugural Creative Vibe Design competition produced some exciting lounge designs and continued to gain positive media exposure throughout the year. This innovative design competition, focusing on young Australian and New Zealand design talent, will continue again this year targeting a wider audience and a different segment of the commercial furniture market.

Inventis Corporate

In accordance with Good Corporate Governance and our commitment to include more Non-Executive Directors on the Board, we streamlined the Board to four directors, three of whom are Non-Executive Directors, I am the only Executive Director on the Board.

After a long relationship with Gregory Australia Limited, Richard Sealy resigned from the Board and from the Executive position of Deputy Managing Director.

To ensure the Technology Division continues on its growth path and to help David Richards concentrate on innovation, product development and the technical side of the business, Robyn Himmelberg stepped down as a director and took the reins of the Technology Division as General Manager.

Barry Colman was replaced by Antony Mark Turnbull, and Graeme Edwards was replaced by Denis Pidcock.

The Group is now segmented into three distinct divisions. The Corporate Division, headed by the Chief Financial Officer, Alfred Kobylanski; the Technology division, headed by Robyn Himmelberg; and the Furniture division, headed by Linda Barrett, with me guiding this team as Group Managing Director.

Looking forward.

In the coming years we will concentrate on a more ‘Back-to-Basics’ business principle; We will enforce strict risk management controls with a view to securing earnings, anticipate changing economic conditions and customer needs; We will strengthen competitiveness in the Group’s divisions by adopting best practice and becoming a customer-centric business that encourages performance and service; We will enhance focus on the identification and exploitation of new business opportunities through proactive sales and marketing backed by product design, development and innovation; And if there are better growth prospects by acquisition, we will investigate those.

We are moving energetically forward in implementing our new corporate policies and 5 Year Business Action Plan. We are driven by the need for change; We are driven by our customer’s needs; We are driven by competition and the overwhelming desire to be Number One. This is our future mantra, for a truly significant ‘inspired solutions’ market positioning outcome.

In these efforts, I look forward to your continued support and sincerely thank our wonderful hardworking staff for theirs.

Tony Noun
Group Managing Director

Innovation. Ideas. Conceptual Leaps.
Technology and inspired designs that are reshaping business, work and life.

INSPIRED KNOW HOW

Many can see the dots, only few know how to correctly join them.

DESIGN.TECHNOLOGY.

Inventis is a company dedicated to the discovery, development, and commercialisation of inspired solutions.

This targeted business strategy, when combined with the Company's multi-disciplinary approach to the application of technology and design, has resulted in the development of a series of innovative products with the market potential to change the way we think, work and perform.

Today, Inventis has many new product development programmes underway – each designed to address unfulfilled customer and market needs. The challenge is therefore to commercialise as many of our innovative products and solutions that will have widespread application within specific industry sectors while yielding significant production savings and driving increased levels of profit.

We will put ourselves into the minds of our customers, think in unison with our customers, look at things from the perspective of our customer – we will create ultimate value for our customers.

Innovation has a different meaning to different people, but regardless of who you are, Innovation means, new ideas and new concepts and expanded possibilities. For Inventis, it's developing microprocessors that control the environment in which we live; and developing chair designs with the best ergonomic properties to enhance our working experience. Innovation to us, as a company, also means simple things like increasing functionality, doing things with greater ease and at lower cost and environmental impact.

At Inventis, Innovation is a core value, and it isn't just applied to research and product design, but also to standard operating procedures, such as improving production and performance, giving better service to customers and striving to develop diversified product lines. Research and technological innovation are fundamental drivers for the Inventis business and are crucial to ensuring our competitiveness in the future.

R&D investment and collaborations to advance the design and technology by our two business divisions could produce significant safety, environmental, security, and economic benefits. Consequently, the most suitable areas for Inventis to collaborate with include, 'smart partners', universities, and national laboratories who provide design of new or improved production processes and advanced material/technology and electronics usage, as well as those who may be able to provide more rapid and broader channels to market.

2005 HIGHLY COMMENDED EDN innovation HONOURING EXCELLENCE IN AUSTRALIAN ELECTRONICS

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

Inventis Technology Division Overveiw

Robyn Himmelberg took the helm as General Manager of the Technology Division, encompassing PNE, Impart, SafeZone® and Opentec in late 2007. Her years of experience and strong leadership, together with the further consolidation of the Division, has led to the optimisation of further synergies in design, manufacture, sales and marketing and growth of both the bottom and top line.

Significant growth to top line revenues is forecast for the Division in the current financial year. This forecast is the result of a number of initiatives put in place, which include, developing more products and applications to service an expanded market. In the current financial year, the Division plans to take a number of new end-user products to market. Enhanced resources in quality management and business development and the planned upskilling of manufacturing staff, both in-house and with our outsourced partners will continue to build quality and value for our OEM customers. Furthermore, the ongoing development of lucrative strategic alliances is enabling us to not only develop more applications and markets for our products, but to also use each other's collaborative strengths to expand our presence in existing markets by delivering innovative and inspired solutions.

Key Initiatives:

> A cultural shift to become a Sales and Marketing organisation.

> Development of a comprehensive sales and marketing team to expand the scope of the Technology Division's products and services,

> Implement systems to enhance transparency, accountability and efficiency; a CRM to manage business development opportunities and marketing metrics; ABEL inventory management system to improve order accuracy and standardise the platform across the Group; QA database to ensure staff are educated as to best practices in engineering, design and manufacture,

> Develop an independent quality department, achieve ISO 9001 accreditation and skill in-house and sub-contractor manufacturing staff in IPC-610-A international quality standards to meet and exceed our customers expectations of price and quality,

> Enstate project management resources such as project managers and product engineers to function as project champions, resulting in quicker, more comprehensive project roll-outs,

> Introduce a New Product Development department comprising engineering, manufacturing and sales and marketing resources to ensure that market intelligence is coupled with in-house design capabilities in order to deliver PNE branded cutting edge products and solutions to market, and

> Reduce costs by increasing the number of local and overseas subcontractors and outsourcing a greater range of functions; upskilling sub contractors in quality management in order to gradually reduce warranty and service costs; and gradually reduce internal costs as sub contractor commitment and competencies increase.

Inventis Commercial Furniture Division

Under the new leadership of Linda Barrett, who joined Inventis in April 2008, the Commercial Furniture Division is undergoing significant organisational changes in order to achieve continued growth in its traditional markets, thus gearing the Division for expansion into other vertical and geographical markets. Linda brings with her knowledge and experience in product development, sales, marketing and supply chain management and, in an ambitious first year with the Group, hopes to build a strong sales and marketing-based culture within the Division. Key to meeting the objectives listed below was the consolidation of Vibe Australia into the wider Gregory Commercial Furniture business, creating a much stronger value proposition which encompasses task, executive, visitor and soft seating, workstation and desking, health and aged care solutions. Furthermore, initiatives for building communication on both sides of the Tasman to share manufacturing and sales know-how are now organically growing the top line. Other key initiatives for achieving the aggressive growth target for the current financial year include, focusing on product and sales training, and investing in required staff resources in the key areas of Quality, Design and of course, Sales and Marketing. A heightened focus on 'Green' best practice also added to our total value proposition.

Key Initiatives:

> Develop a strong company culture with regular opportunities for interaction between management and staff and focused around team KPIs,

- Position the new GCF brand, incorporating Vibe, in a cutting edge manner that reflects the total value proposition of the newly consolidated division,
- Conduct an Annual Sales Meeting to train all sales staff across the entire range of brands to maximise cross-selling and solution sales,
- Aggressively market upcoming GECA certification of a far wider selection of the Division's products. We will also train key staff in Green Building Council certification to understand 'Green' best practices.
- Focus more resources on developing opportunities through influencers such as Specifiers, OH&S, Ergonomists, A&D, Construction and Facilities Managers,
- Optimise distributor management by consolidating partnership agreements, planning joint promotions, conducting training, communicating GCF goals and seeking further mutual benefits,
- Increase R&D through the appointment of Senior Designers in Australia and New Zealand and continue to mentor the Creative Vibe competition to further build our profile within A&D and media circles,
- Appoint a dedicated Marketing Manager to heighten brand awareness through enhanced promotions and presence at industry events,
- Refurbish divisional websites and develop online commerce function, primarily to manage the large number of low volume sales,
- Centralise sales support and customer service and train staff in use of ABEL inventory management system in order to optimise efficiency, accuracy, and customer satisfaction, whilst lowering our inventory stock hold,
- Continue to rationalise procurement across Australia and NZ and commit focused resources to component and finished product sourcing in local and export markets, and
- Undertake a review of the Bayswater and Wetherill Park facilities to determine if a need to resize or relocate exists to increase capacity and speed of operations.

Inventis Corporate Division

Under the leadership of CFO Alfred Kobylanski and following the relocation to a new office in February 2008, the Corporate Division has established an identity as a resource and internal service centre within the Group. The development of group-wide resources in Quality Assurance, Information and Communication Technology, Human Resources, Accounting and Finance includes, the use of standardised systems and processes resulting in greater accountability and efficiency across the entire Group.

Key Initiatives:

- Implementation of standardised IT hardware and the integration of all businesses onto one server, leading to increased productivity and enhanced customer service,
- Implementation of a standardised ABEL inventory management and accounting system across the Group, whose main advantages include enhanced reporting capabilities and the capacity for cross functional benefits for accounting, procurement, sales and marketing,
- Development and implementation of a company-wide Quality Assurance Database that will both inform and engage employees of quality assurance-related processes and improvements to ensure the Company maintains best practices,
- Achieve ISO 9000:2001 Accreditation and continue to develop an ISO 14001 standard Environmental Management System to enhance levels of quality and minimise environmental impact, both of which will open more business opportunities, and
- Develop and implement a robust internal audit and control environment to strengthen current processes and provide additional assurance to the Board in its responsibilities. This will include, but not limited to: succession planning, the establishment of group-wide financial policies and procedures and the development of KPIs to monitor key processes.

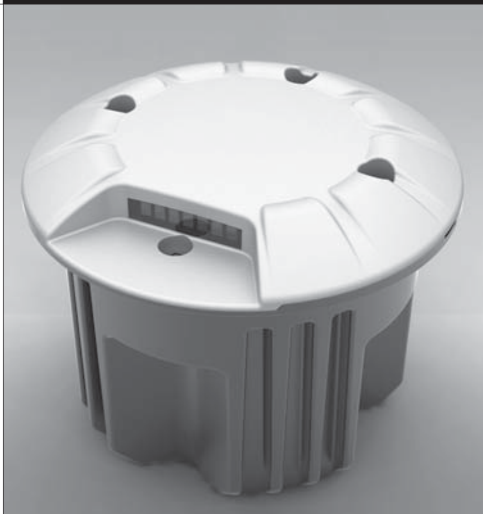

SAFETY
FIRST

1

BETTER. FASTER. INSPIRED SOLUTIONS.

USER CENTRIC FOCUS

Considerable synergies created through the consolidation of the Technology Division in Financial Year 2008 are now allowing us to apply our significant in-house capabilities to the development of end-user focused products and solutions. These initiatives are arming us with more brands and products to take to a broader range of vertical markets and geographies. As a result, we have greater control over margins and the top line, whilst also reducing our reliance on OEMs and third parties.



'SAFEZONE®' IN ROAD FLASHING LIGHT SYSTEM

Deliver.

Initiatives for growing and diversifying end user products:

> SafeZone® taken to world market in Financial Year 2008 at Intertraffic International Road Safety Exhibition. Dedicated SafeZone® product management has resulted in further Research and Development leading to the planned release of a more durable and effective In Road Alert Device (IRAD), further strengthening SafeZone's® value proposition for global markets,

> Opentec integrated solutions (in partnership with AUSortium members), focused on delivering total solutions to military and industrial markets. The AUSortium is set to engage significant business development opportunities in key export markets through events in the Middle East in Q2 and Q3 of the financial Year, and

> Impart Controller Area Network (iCAN), a system currently under development to be released within the financial year will revolutionise the vehicle control market.

2

BETTER. FASTER. INSPIRED SOLUTIONS.

TEAM PLAYER

Particularly within defence markets, many of our products have limited scope for sale. As part of a total end-to-end engineered solution, we add the value required to gain wider market recognition, as well as address a broader range of applications within more market places. In addition, the partnership agreements ensure our collective strengths are used to secure new business, partly by allowing us to present as a larger group, better able to support the needs of customers used to dealing with larger corporations.

PNE

opentec

impart

SAFEZONE®

Co-operate.

Strategic alliances to optimise OEM and end user activities:

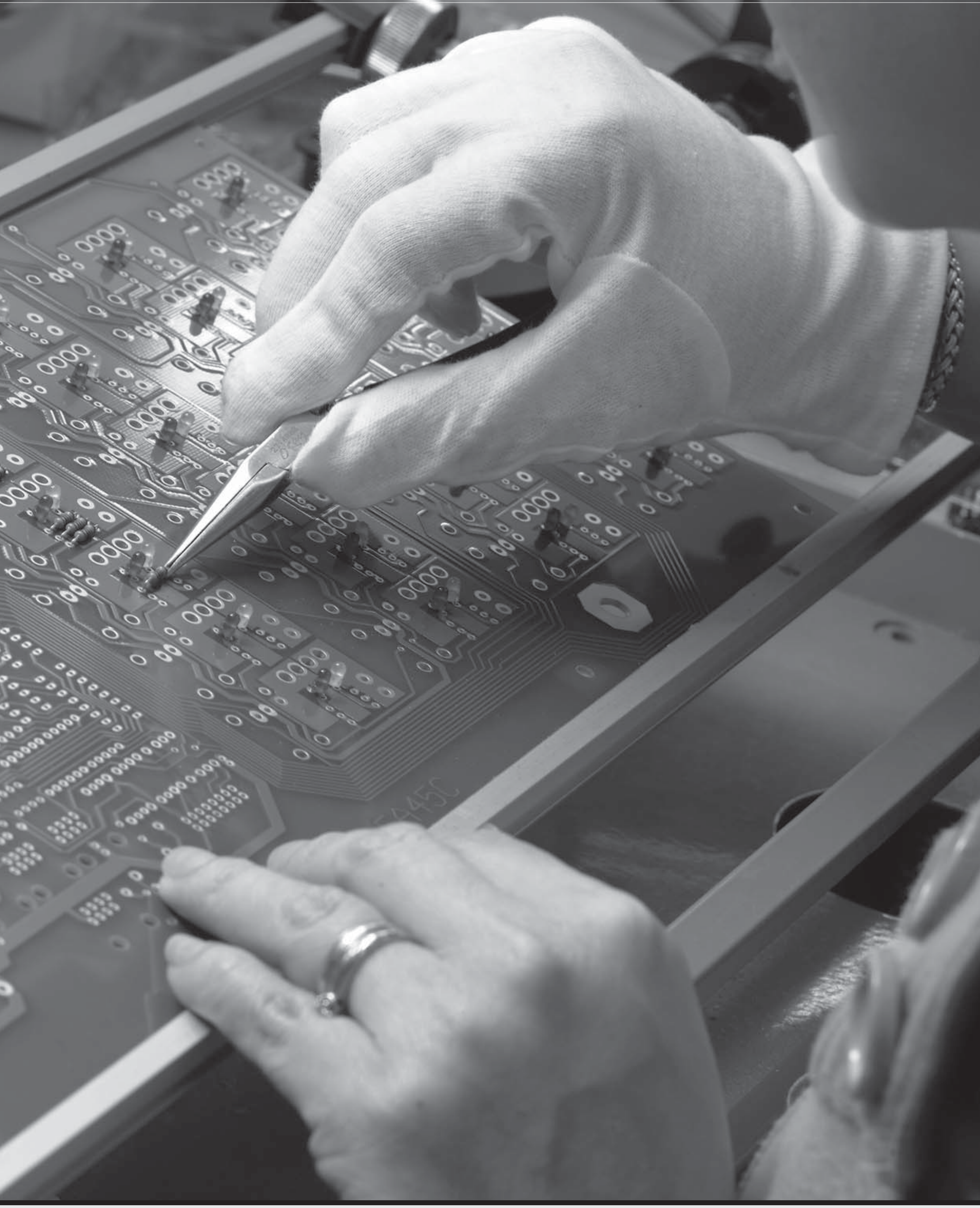
> Cooperative developments that result in a broader range of end-to-end engineered solutions, as opposed to in-house developed products that only form part of a total solution,

> Using solutions sales to take us into new vertical markets and new geographies,

> Using the AUSortium initiative as a vehicle for promoting these home grown competencies, with products such as SafeZone® and new Opentec communications and computing platforms promoting Inventis Technology's specific capabilities, and

> Using the collective capabilities of the larger group to leverage relationships with other leading vendors, to create additional world class solutions.

MAKE IT **BETTER** New thinking as an agent for change. Immediate action as a positive solution for change.



3

BETTER. FASTER. INSPIRED SOLUTIONS.

KEY COMPONENT

Engineering and manufacturing of custom solutions for OEM customers remains the principal activity within PNE. Therefore, operational enhancements need to be implemented to ensure this core business activity remains viable and profitable; and that it can be grown in dollar terms as the other business development activities (primarily the development of self branded products for sale to end user customers) grow.

Exceed.

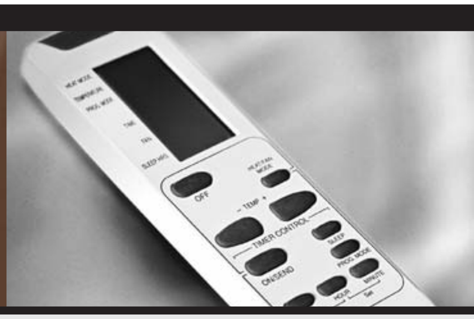
Initiatives for growing and diversifying our OEM business:

> ISO 9001 accreditation of the entire Technology Division to reach international standards in quality, laying the platform for global business development opportunities,

> A dedicated strategic planning function to review and guide sales and marketing activities, to ensure overarching strategies are implemented and goals are achieved,

> Enhancement of the QA team, with the addition of a dedicated QA manager to optimise engineering and manufacturing activities and outcomes, and

> The appointment of an industrialisation engineer and product manager, who each act as project champions, ensuring that customer needs are met with internal design capabilities, resulting in faster, more comprehensive project roll-outs.



DESIGN IT **SMARTER** New thinking as an agent for change. Immediate action as a positive solution for change.

4 BETTER. FASTER. INSPIRED SOLUTIONS.

CUTTING EDGE DESIGN

Larger organisations are increasingly turning to Architects and Designers for office fit-out solutions. Our ability to better service this group with a broader furniture solution in line with their unique specification criteria will ensure another platform for the development of substantive business opportunities. Developing in-house design capabilities and relationships with local and overseas designers will allow the Commercial Furniture Division to be more responsive to the changing needs and tastes of the local and global market.

Innovation.

Design initiatives:

- Vibe Furniture's integration into GCF opens up a wider range of designer furniture options for the sales team to offer customers,
- The Creative Vibe competition, has allowed the Company to engage designers from Australia and New Zealand and develop a presence within A&D and media circles. A secondary benefit of the competition is the continuing dissemination of new ideas and thinking within the business,
- The assembly of an in-house design team ensures our industry-leading seating technology is coupled with leading edge design, and
- Greater business development resources in Financial Year 2009 will be committed to sourcing finished product, particularly from the influential European and USA markets.

EXPECT IT **QUALITY** New thinking as an agent for change. Immediate action as a positive solution for change.

5

BETTER. FASTER. INSPIRED SOLUTIONS.

UNPARALLELED QUALITY

Regardless of price, customers expect quality. In fact, the Gregory name is synonymous with quality. The market within Australia and New Zealand is fragmented and hosts a plethora of chairs, hence it is the way we manage quality that will allow us to build our market share locally as well as providing a sound platform for expansion into key export markets.

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

Quality System
Quality Endorsed Company
ISO/9002Lic0734
Standards Australia

Australian Government Endorsed Supplier
Supporting Australian Business

Satisfaction.

Product and customer service quality initiatives:

> ISO 9001 re-accreditation means we have reached internationally recognised standards in product quality,

> Renewal of the coveted "Softcell" seating technology license to compliment Gregory's in-house "Dual Density" Intellectual Property (IP) in 2008 further reaffirms the Division's commitment to product quality and comfort by providing our end users with industry-leading seating comfort,

> Expanded business development and procurement function, with resources to procure the best parts and products, both locally and abroad,

> Centralisation of customer service and sales support and appointment of an Office Manager to lead the team in order to better respond to queries from suppliers, customers and distributors, and

> Implementing ABEL as an inventory management and quoting tool in order to reduce order entry time and duplication of work between procurement, sales support and accounts.

KEEP IT **GREENER** New thinking as an agent for change. Immediate action as a positive solution for change.

6 BETTER. FASTER. INSPIRED SOLUTIONS.

NEW THINKING

"Green" companies and brands represent a growing niche within the global commercial furniture market. The Commercial Furniture Division is well-placed, not only to comply with, but to lead the way in the development of environmentally sustainable practices. This highlights a very tangible point of differentiation, separating us from a growing number of competitors with unsubstantiated "Green" credentials.

Eco-logical.

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

green building council australia
MEMBER

Environmental initiatives:

- Good Environmental Choice Australia (GECA) certification of Inca (excluding chrome based chairs), Boxta and CO2 task seating ranges and Wetherill Park manufacturing facility in Financial Year 2008,
- Applications for further GECA certifications in the current financial year, including certification of product ranges across the Gregory, Damba and Vibe brands and including the Bayswater manufacturing facility,
- Applications for Environmental Choice New Zealand (ECNZ) certification for our New Zealand manufacturing facility,
- Training of key staff to achieve Green Building Council Professional Accreditation to ensure the division stays abreast with the latest standards in environmental management, in order to manage their application across operations in Australia and New Zealand,
- Development of an ISO 14001 compliant Environmental Management System, and
- Change of the Division's strap line to "Ergo-Eco Logical" from "Ergonomic to the Core" and trade mark registration of "Green to the Core" to reinforce the importance of environmental management and standards within the Division.

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance.

TALKING ABOUT WHO

The current Board comprises three Independent Non-Executive Directors, one of whom is Chairman, and one Executive Director, the Managing Director.

INVENTIS BOARD.

Ian Winlaw – Chairman and Non-Executive Director – M.Com, FCA

Ian Winlaw is a Chartered Accountant. He has been a professional company director since 1973.

Important roles include joining the board of Cloncurry Mining Limited prior to its float in 1992 and seeing that company develop from the exploration stage to commissioning of one of the first SX/EW copper plants in Australia. He is currently chairman of Australian Alpaca Fleece Limited, an unlisted public company.

Ian is a member of the Audit and Risk Management Committee.

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

Tony Noun has more than 25 years professional and commercial experience with a proven track record of success in managing; start-up operations, 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 companies that cover a broad range of industries and professional disciplines and brings to the Board extensive sales, marketing, financial and corporate expertise.

Tony is a member of the Remuneration and Nominations Committee.

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

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

With a background in engineering, 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.

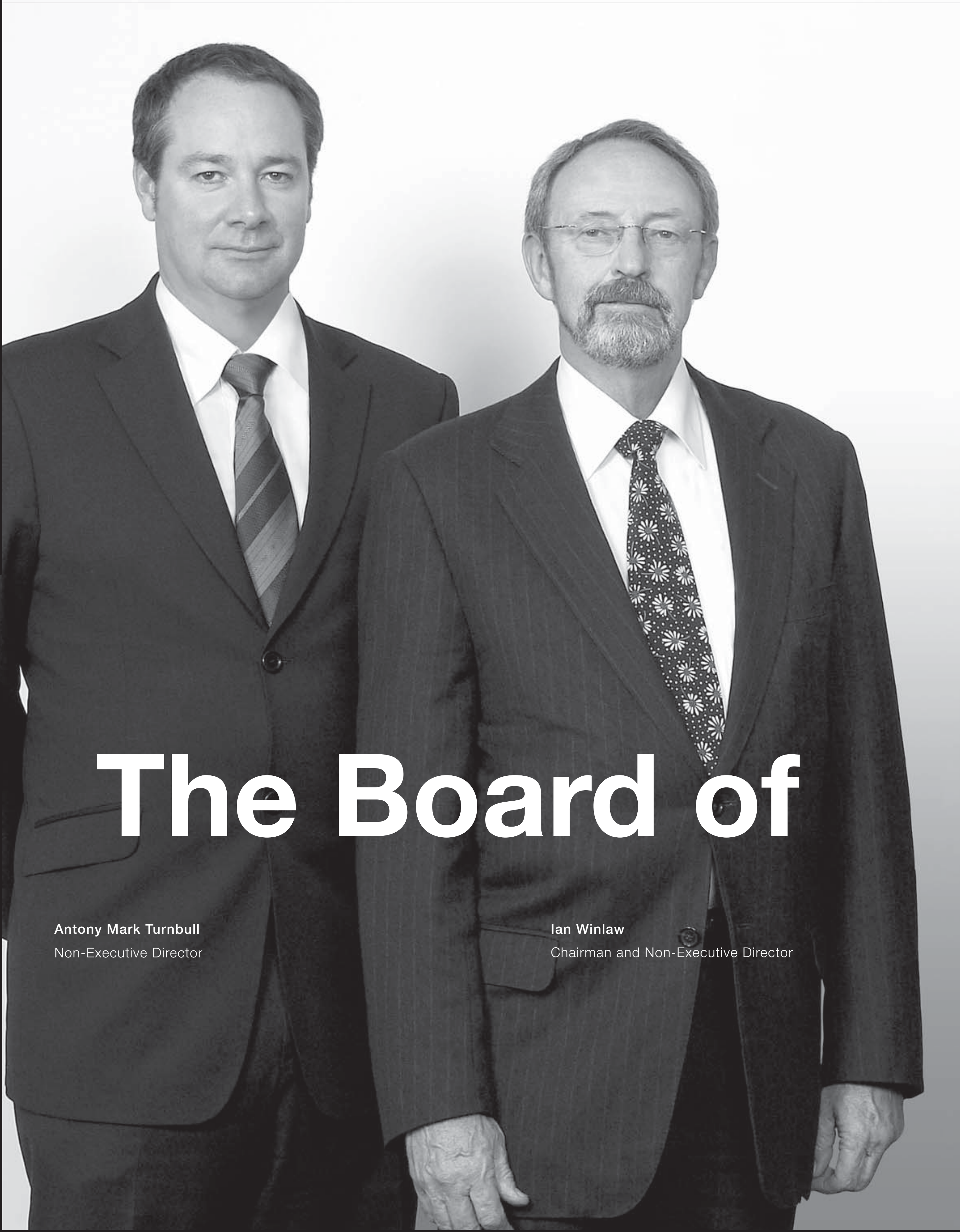
Denis is the Chairman of the Remuneration and Nominations Committee.

Antony Mark Turnbull – Non-Executive Director – BCom, CA

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

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

Mark is the Chairman of the Audit and Risk Management Committee.



The Board of

Antony Mark Turnbull
Non-Executive Director

Ian Winlaw
Chairman and Non-Executive Director

Inventis Limited

Tony Noun
Managing Director

Denis Pidcock
Non-Executive Director

Alfred Kobylanski BBus, CPA, ACIS
Chief Financial Officer

Alfred has some 29 years experience in finance and management within multi-national organisations in Australia and the United Kingdom. This experience includes Manufacturing, Information Technology and Financial Services in both emerging and established markets.

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

Linda Barrett BCom
General Manager, Commercial Furniture Division

Linda has 19 years experience in Sales, Marketing and Procurement within wholesale and retail business, primarily in domestic furniture. In that time, Linda has held sales management and marketing roles with various companies, including the largest Australian upholstery manufacturer, as well as the buying division of Harvey Norman, one of Australia's largest retailing groups. After leaving Harvey Norman, Linda was Director of Furniture for Courts (Singapore) Pty Ltd, a large UK based international furniture and electrical retailer. Upon her return to Sydney, Linda was appointed General Manager, Merchandising for the Freedom Group.

Linda brings extensive experience in product design, sourcing, merchandising, supply chain management and logistics, as well as sales and marketing.

MANAGEMENT TEAM.

Robyn Himmelberg NIA, MAICD
General Manager, Technology Division

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

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

Renuka Bhardwaj LLB, ACIS, JP
Company Secretary

Renuka Bhardwaj was appointed to the position of Company Secretary in April 2007. In the last 10 years she has held positions including Assistant Company Secretary, Company Secretary and Assistant to the Director, and various senior finance and administration roles in 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 9001:2000 Standards.

Governance.

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance. Except where specified in this statement, the Company has adopted the ASX Guidelines on "Principles of Good Corporate Governance and Best Practice Recommendations – March 2003". The Company will be transitioning to the Revised Principles released in December 2007 during 2008-09 financial year.

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

THE BOARD AND COMMITTEES

Composition of the Board

The Board of four Directors comprises one Non-Executive Independent Chairman, two independent Non-Executive Directors and one Executive Director being the Managing Director. Thus in line with the recommendation 2.1, the majority of the Board is comprised of independent directors.

The Board is responsible for ensuring corporate governance standards and practices are maintained, providing guidance and direction to executive management and to set the overall strategic direction of Inventis.

Each member of the Board brings an independent judgement that enables them to act in the best interests of Inventis. However, the Board also recognises the formal distinction drawn by the ASX Guidelines in respect of the Non-Executive Directors who are free of any business or other relationship that could, or could be perceived as, interfering with their independent judgement and those who are not.

The Chairman of Inventis, Mr Winlaw is currently a Non-Executive Independent Chairman.

As a team, the Board brings a broad range of qualifications with experience in management, finance, accounting, manufacturing, public company affairs and corporate governance.

Non-Executive Directors are asked to commit no less than 20 days per year preparing for and attending Board and committee meetings and performing associated corporate activities. The Directors meet formally at least 11 times a year and at the Chairman's request, informally to discuss specific matters that may arise between scheduled meetings.

Role of the Board

The role of the Board is to provide strategic guidance for Inventis and effective oversight of its Management. While the Board retains ultimate authority over Management, it has set up a framework for delegation of authority over the day-to-day management to the Managing Director and other senior executives. These matters are set out in the Board Charter which may be found on the Company website.

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.

Board Processes

The agenda for Board meetings is prepared in conjunction with the Chairperson, the Managing Director and the Company Secretary. Standing items include the disclosure of interest,

Board Processes Cont.

management reports, financial reports, compliance, and company secretarial matters. Submissions are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities, including visits to business operations, for contact with a wider group of employees.

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 Chairperson and Managing Director, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson and Managing Director's approvals of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

The Board has also established a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards. To assist in the execution of its responsibilities, the Board has established a number of Board committees including a Nomination and Remuneration Committee, and an Audit and Risk Management Committee. These committees have approved charters and operating procedures, which are reviewed on a regular basis.

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee is currently comprised of Mr Mark Turnbull and Mr Ian Winlaw, each of whom is a Non-Executive Independent Director. Mr Turnbull is the Chairman of this committee and has a casting vote.

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

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

> Fulfil its audit, accounting and reporting obligations;

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

> Assess corporate risk assessment processes;

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

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

(i) Oversight of the Risk Management System

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

(ii) Risk Profile

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

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

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

(iii) 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 programme to achieve AS/NZS ISO 9001:2000 accreditation for each of its business segments.

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

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

- Operating unit controls – Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- Functional speciality reporting – Key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and

Board Processes Cont.

(a) Audit and Risk Management Committee Cont.

(iii) Risk Management, Compliance and Control Cont.

> 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, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;

> Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;

> Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly;

> Formal ethical standards appraisals are conducted for all employees to ensure that they are complying with the Company's Code of Ethics;

> A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur;

> Financial reporting accuracy and compliance with the financial reporting regulatory framework; and

> Environmental regulation compliance.

(b) Remuneration and Nominations Committee

The Remuneration and Nominations Committee is currently comprised of Mr Pidcock as Chairman and Mr Noun.

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

> Appropriate remuneration policies and monitoring their implementation with respect to executives, senior managers, Non-Executive Directors and other key employees;

> Incentive schemes designed to enhance corporate and individual performance;

> Retention strategies for executives and senior management;

> Composition of the Board and competencies of Board members;

> Appointment and evaluation of the Executive Directors and senior executives;

> Succession planning for Board members and senior executives; and

> Processes for the evaluation of the performance of the Managing Director and Directors.

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

The Executive Directors who are not on the Remuneration and Nominations Committee have a standing invitation to attend the Remuneration and Nominations Committee meetings.

(i) 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 incentives based on key performance areas affecting the Group's financial results.

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

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

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 Nominations Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and in certain instances fringe benefits, and performance incentives.

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

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

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

Non-Executive Directors

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

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

Board Processes Cont.

(b) Remuneration and Nominations Committee Cont.

(i) Principles Used to Determine the Nature and Amount of Remuneration Cont.

Retirement Allowances

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

Corporate Governance Policies

(a) 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 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.

(b) Share Trading Policy

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

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

Directors and senior executives are required to:

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

These requirements also apply to all senior officers of Inventis.

(c) 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.

(d) Internal Audit

As the Group has grown over recent years and it aims to continue to do so during the current financial year, the Company has recently introduced an internal audit function. The Company Secretary will carry out an internal audit function in ensuring compliance with internal controls and risk management programmes by regularly reviewing the effectiveness of the above-mentioned compliance and control systems.

(e) Disclosure to Shareholders

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

In summary, the Continuous Disclosure Policy operates as follows:

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

Corporate Governance Policies Cont.

(e) Disclosure to Shareholders Cont.

> 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 single resolutions.

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

For the year ended 30 June 2008

FINANCIAL STATEMENTS

SUM

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The Directors present their report together with the financial report of Inventis Limited ("the Company") and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2008 and the auditor's report thereon.

1. Principal activities

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

2. Operating and financial review for last 5 years

	2008	2007	2006	2005	2004
Net (loss)/profit attributable to equity holders of the parent ($)	(24,871,002)	614,576	1,560,327	559,990	457,122
Basic EPS	(22.03)c	0.91c	3.5c	1.4c	3.6c
Dividends paid ($)	-	657,029	-	125,259	-
Dividends per share	-	1c	-	1c	-

The amounts disclosed above for the years 2005-2008 have been extracted from financial statements, prepared under International Financial Reporting Standards (IFRS). The amounts disclosed for the 2004 year has been extracted from financial statements prepared under previous Australian GAAP (AGAAP).

3. Review of financial condition

Capital structure

As at the balance date the number of shares on issue were 112,992,147 (2007: 79,799,253) and as of the date of filing this report the number of shares on issue were 112,992,147. At the balance date the share capital of the Consolidated Group stood at $31,356,602 (2007: $18,219,059) and net equity stood at $8,493,536 (2007: $20,833,941).

Liquidity and funding

As at the balance date, cash and cash equivalents on hand of the Consolidated Group stood at $354,732 (2007: $1,444,968).

Total current assets stood at $15,839,492 (2007: $20,277,529) and current liabilities stood at $15,590,008 (2007: $8,072,176) making the liquidity ratio 1.02 (2007: 2.51). Included in the current assets are assets classified as held for sale of $3,131,001 and in current liabilities are liabilities classified as held for sale $5,877,804 when these amounts have been excluded the liquidity ratio is 1.31.

The Group has available to it $6.3 million in funding of which $3.3 million has been activated and as at the balance date $1.8 million, was used.

Cash flows from operations

In the financial year net cash outflows of the Consolidated Group from operating activities was $2,838,900 compared to net cash outflows from operating activities in 2007 of $1,270,580.

Net cash outflows from investing activities during the financial year were $767,931 (2007: Outflows $3,165,653) of which $236,427 was for acquisitions, $823,155 for purchase of plant and equipment and $126,405 was expended on development.

In the financial year there was a net decrease in cash and cash equivalents of $1,090,236 as compared to 2007 of $3,595,750.

4. Review of principal businesses

A commentary on the two operating divisions and the discontinued Aviation Division is set out below:

Technology Division

Inventis Technology now encompasses PNE Electronics, Opentec Solutions and Impart Special Products. This year has seen the continued integration of marketing, engineering and administration to capitalise on economies of scale and opportunities for growth and development.

The Technology Division's revenue was $13.0 million for this year which was on par with the same period last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation and impairment losses) was $1.1 million this year which is $0.5 million below the same period last year.

4. Review of principal businesses cont.

Furniture Division

The Commercial Furniture Division's revenue was $24.4 million for this year which is $6.6 million above the same period last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation and impairment losses) was $1.1 million this year which is $0.7 million below the same period last year.

Aviation Division

On 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited. This acquisition was considered and endorsed by the Shareholders at the Extraordinary General Meeting held on 16 April 2007. At that meeting the risks of the acquisition were set out in the notice of meeting and highlighted by the Chairman.

Alpha Aviation implemented many initiatives aimed at improving the production rate of aircraft; however, it was unable to achieve the anticipated monthly production targets, despite the fact that during the period 16 May 2007 to 21 January 2008, Inventis provided $9.2 million as well as NZD 300,000 from Gregory Commercial Furniture (NZ) Limited in financial assistance to assist it with its productivity programme.

Given that Alpha was continuing to consume cash at an unsustainable rate; and in the absence of a buyer, joint venture partner or an investor, it became apparent to the Directors of Inventis that continuing to fund Alpha Aviation at the rate required, would financially endanger the whole Inventis Group. Therefore, the Directors resolved to put into voluntary liquidation, Alpha Aviation Limited, Alpha Aviation Manufacturing Limited and Alpha Aviation Marketing Limited. This was closely followed by the appointment of a Receiver to these same companies by the Bank of New Zealand. Subsequently, as a consequence of a cross-guarantee between the Alpha group companies, the Bank of New Zealand placed Alpha Aviation Leasing Limited, Alpha Aviation Property Limited, Alpha Aviation Design Limited, Alpha Aviation Investments Limited and A & CL Properties (2005) Limited into Receivership on 18 February 2008. Prior to and since making the announcement on 21 January 2008 the Directors have actively been trying to sell the assets of Alpha Aviation or locate a joint venture partner or investor in order to mitigate the loss to the Company. These negotiations are continuing.

While the effect of these events has had a severe impact, it is limited to the Alpha group companies as Inventis had not guaranteed any of the advances made to Alpha Aviation by the Bank of New Zealand. This means that Inventis Technology and Gregory Commercial Furniture are able to continue trading and are intending to do so profitably.

Financial review

The consolidated results for the financial year ended 30 June 2008 are:

$'000	2008	2007
Sales continuing operations	37,417	30,777
Sales discontinued operations	1,124	-
(Loss)/profit from continuing operations after tax	(1,803)	615
(Loss)/profit from discontinued operation after tax	(23,068)	-
(Loss)/profit after tax for the period	(24,871)	615

The Group's Net Loss after Tax for the period was $24.9 million which included the loss relating to the Aviation Division of $23.1 million.

Segmented results

Segmental information for the year ended 30 June 2008 was:

$'000	Sales	EBITDA
Furniture Division	24,420	1,118
Technology Division	12,997	1,112
Corporate Division	-	(2,446)
Total continuing operations	37,417	(216)
Discontinued operations (Aviation Division)	1,124	(1,971)
	38,541	(2,187)

4. Review of principal businesses cont.

Strategy and future performance

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

5. Directors

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

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

Tony Noun has more than 25 years professional and commercial experience with a proven track record of success in managing; start-up operations, 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 companies that cover a broad range of industries and professional disciplines and brings to the Board extensive sales, marketing, financial and corporate expertise.

Tony is a member of the Remuneration and Nominations Committee.

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

Ian Winlaw M.Com, FCA
Chairman and Non-Executive Director
Chairman of the Board since 21 January 2008

Ian Winlaw is a Chartered Accountant. He has been a professional company director since 1973.

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

He is currently chairman of Australian Alpaca Fleece Limited, an unlisted public company.

Ian is also a member of the Audit and Risk Management Committee.

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

> Integrated Research Limited October 2000 - December 2006; and

> Axiom Mining Limited August 2006 - April 2007

Antony Mark Turnbull
Independent Non-Executive Director
Appointed as Director on 30 March 2008

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

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

Mark is the Chairman of the Audit and Risk Management Committee.

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

5. Directors cont.

Denis Pidcock
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 – NIL.

Graeme Edwards MPS, PhC
Non-Executive Director
Resigned as Director on 13 May 2008
(Alternate Director to Mark Turnbull – 30 March 2008 to 27 August 2008)

Graeme Edwards is a prominent businessman who has been a director of a number of public and private companies involved in a variety of industries in Australia and New Zealand.

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

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

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

Richard Sealy CA, MAICD
Resigned as Director on 13 March 2008

Richard Sealy has over the last 25 years held positions as Financial Director, Managing Director or Chairman of a number of public and private companies in Australia, New Zealand and the United Kingdom.

Richard brought to Inventis experience in financing and establishing new companies and projects. He has an in depth knowledge in the corporate and legal structuring of entities when embarking on fund-raising and acquisition activities and has been instrumental in numerous public and private debt and/or equity issues and mergers and acquisitions.

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

Robyn Himmelberg NIA, MAICD
Resigned as Director on 13 March 2008 to resume as General Manager of Inventis Technology Division.

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

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

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

5. Directors cont.

David Richards
(Alternate Director to Tony Noun – from 16 April 2007 to 5 September 2008)

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

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

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

Barry Colman QSM
(Alternate Director to Graeme Edwards until 30 March 2008)
Director from 21 January 2008 to 30 March 2008

Mr Barry Colman, is the Chairman and owner of the Liberty Press Group which includes The National Business Review and a number of specialised business directories and newsletters covering law, food and commercial property. Liberty's original publishing business has now expanded to include major interests in property, technology, manufacturing, medical equipment, venture capital and wine production.

Mr Colman is currently a director and major shareholder of Forsyth Barr (stockbrokers), Vavasour and Goldwater Wines Limited (Marlborough wine producers), TASK Transactions Limited (suppliers of high tech installations operating bank ATM's and service station swipe card pumps), Alpha Aviation Limited (manufacturing pilot trainer aircraft in Hamilton for export) and Medic Life Vent Limited (high tech resuscitation equipment).

Mr Colman is a member of the NZ Business Roundtable, Otago University Business Advisory Council and Amnesty International's Freedom Foundation and a major sponsor of the arts including the New Zealand Opera Company, the NZ Arts Foundation, the New Zealand Symphony Orchestra, and Otago's Southern Symphonia.

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

6. Company Secretary

Renuka Bhardwaj ACIS and Associate Member of Law Society of NSW

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

Renuka brings to Inventis experience in corporate secretarial, legal and financial management, and considerable experience of the creation of quality systems to ISO 9001:2000 Standards.

7. Directors' meetings

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

7. Directors' meetings cont.

Directors	Board Meetings		Audit and Risk Management Committee Meetings		Remuneration & Nominations Committee Meetings	
	A	B	A	B	A	B
G Edwards[1]	13	19	-	1	-	-
I Winlaw[2]	21	21	3	3	-	-
T Noun	17	21	-	-	1	1
R Sealy	13	15	1	1	-	-
R Himmelberg	15	15	-	-	-	-
D Richards	12	21	-	-	-	-
B Colman	8	16	-	-	-	-
M Turnbull[3]	6	6	1	1	-	-
D Pidcock[4]	3	3	-	-	1	1

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

The external auditor met with the Audit and Risk Management Committee once during the year without management being present.

[1] G Edwards was the Chairman of the Board until 31 December 2007.
[2] I Winlaw was the Chairman of the Board from 21 January 2008 and was Chairman of the Audit and Risk Management Committee until 13 May 2008.
[3] M Turnbull was appointed Chairman of the Audit and Risk Management Committee on 13 May 2008.
[4] D Pidcock was appointed Chairman of the Remuneration and Nominations Committee on 13 May 2008.

8. Directors' interests

The relevant interest of each Director that held office during the year in the ordinary shares issued by Inventis Limited, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at 30 June 2008 is as follows:

		Number of Ordinary Shares		
	2007	Acquired	Sale/Transfer	2008
Mr Graeme Edwards	4,100,000	3,251,648	-	7,351,648
Mr Tony Noun	12,961,996	10,543,897	22,555,893*	950,000
Mr Richard Sealy	2,488,150	2,045,655	-	4,533,805
Mrs Robyn Himmelberg	10,259,973	32,000	-	10,291,973
Mr Ian Winlaw	50,000	-	-	50,000
Mr David Richards	10,259,983	32,000	-	10,291,983
Mr Barry Colman	9,333,000	5,166,383	-	14,499,383

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

9. Remuneration Report (audited)

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

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based compensation

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

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

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

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

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rate for comparable companies for time, commitment and responsibilities. The Executive Directors' determine payments to the Non-Executive Directors and review their remuneration annually, based on market practice, duties and accountability. Independent external advise 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 1st January 2008.

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

Retirement allowances for Directors

No retirement allowances exist for Directors.

Executive pay

The executive pay and reward framework has three components:

> Base pay and benefits,

> Short-term performance incentives; and

> Other remuneration such as superannuation.

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

9. Remuneration Report (audited) cont.

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

Base pay

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

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

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

Benefits

Executives receive benefits including car allowances.

Retirement benefits

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

Short-term incentives

If the Group achieves a pre-determined profit target set by the Remuneration Committee, 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 Remuneration Committee have regards to the following indices in respect of the current financial year and the previous four financial years.

	2008	2007	2006	2005	2004
Net (loss)/profit attributable to equity holders of the parent ($)	(24,871,002)	614,576	1,560,327	559,990	457,122
Basic EPS	(22.03)c	0.91c	3.5c	1.4c	3.6c

Net profit is considered as one of the financial performance targets in setting STI. Net profit for 2004 was calculated in accordance with previous GAAP. Net profits amounts for 2005 to 2008 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:

9. Remuneration Report (audited) cont.

b. Details of remuneration cont.

Consolidated Entity:

Robyn Himmelberg – General Manager, Inventis Technology Pty Limited.
Linda Barrett – General Manager, Gregory Commercial Furniture Pty Limited.
Tim Whiteside – Ex-General Manger, Gregory Commercial Furniture Pty Limited.

Parent Entity:

Alfred Kobylanski – Chief Financial Officer
Renuka Bhardwaj – Company Secretary

Non-Executive Directors		Short Term Employment Benefit					Post-employment	Other Long Term		
		Salary & Fees	Other Benefits[1]	Cash & Bonus[2]	Non-Monetary Benefits[1]	Total	Superannuation Benefits	Long Service Leave	Total Including Benefits	Proportion of Remuneration Performance Related
		$	$	$	$	$	$	$	$	%
Mr Graeme Edwards (Chairperson)[3] Resigned on 13/05/2008	2008	78,677	-	-	-	78,677	-	-	78,677	-
	2007	6,500	-	-	-	6,500	-	-	6,500	-
Mr Ian Winlaw (Chairperson)	2008	75,067	-	-	-	75,067	5,433	-	80,500	-
	2007	13,359	-	-	-	13,359	752	-	14,111	-
Mr Barry Colman 21/01/2008 to 30/03/2008	2008	13,790	-	-	-	13,790	-	-	13,790	-
	2007	-	-	-	-	-	-	-	-	-
Mr Antony Mark Turnbull Appointed on 30/03/2008	2008	12,000	-	-	-	12,000	-	-	12,000	-
	2007	-	-	-	-	-	-	-	-	-
Mr Denis Pidcock Appointed on 13/05/2008	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Executive Directors										
Mr Tony Noun[4]	2008	345,607	-	-	-	345,607	29,716	-	375,323	-
	2007	195,963	43,848	-	-	239,811	17,637	-	257,448	-
Mr Richard Sealy[5] Resigned on 13/03/2008	2008	126,371	25,500	-	-	151,871	550	-	152,421	-
	2007	141,892	-	-	-	141,892	-	-	141,892	-
Mrs Robyn Himmelberg[6] Resigned as Director on 13/03/2008	2008	50,464	-	-	3,179	53,643	4,542	-	58,185	-
	2007	153,430	14,590	-	8,774	176,794	13,625	12,894	203,313	-

9. Remuneration report (audited) cont.

b. Details of remuneration cont.

Executive Directors		Short Term Employment Benefit Salary & Fees	Other Benefits[1]	Cash & Bonus[2]	Non-Monetary Benefits[1]	Total	Post-employment Super-annuation Benefits	Other Long Term Long Service Leave	Total Including Benefits	Proportion of Remuneration Performance Related
		$	$	$	$	$	$	$	$	%
Mr David Richards (Inventis Limited)[7] Alternate Director from 17/04/2007 to 5/09/2008	2008	-	-	-	-	-	-	-	-	-
	2007	87,193	17,288	-	7,266	111,747	6,992	6,275	125,014	-
Mr David Richards (Inventis Technology Pty Limited)[7] Alternate Director from 17/04/2007 to 5/09/2008	2008	169,814	-	-	11,143	180,957	16,582	-	197,539	-
	2007	84,907	19,574	-	7,267	111,748	6,993	6,275	125,016	-
Other Key Management Personnel										
Mr Alfred Kobylanski Chief Financial Officer Appointed on 8/10/2007	2008	102,191	-	-	-	102,191	9,401	-	111,592	-
	2007	-	-	-	-	-	-	-	-	-
Mrs Robyn Himmelberg[6] General Manager, Inventis Technology Appointed on 13/03/2008	2008	130,464	-	-	6,281	136,745	9,542	17,922	164,209	-
	2007	-	-	-	-	-	-	-	-	-
Mr Tim Whiteside Resigned on 6/12/2007	2008	101,429	-	-	-	101,429	7,679	-	109,108	-
	2007	24,870	1,697	-	-	26,567	2,087	-	28,654	-
Mrs Linda Barrett General Manager, GCF Appointed on 17/03/2008	2008	77,230	-	-	-	77,230	6,460	-	83,690	-
	2007	-	-	-	-	-	-	-	-	-
Ms Renuka Bhardwaj	2008	69,960	-	-	-	69,960	6,296	-	76,256	-
	2007	50,125	1,296	-	-	51,421	4,471	-	55,892	-

9. Remuneration Report (audited) cont.

b. Details of remuneration cont.

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 2008, no bonus was paid to the Executive Directors.
3. Mr G Edwards was paid through Mozart Holding Limited.
4. Mr T Noun's employment was changed from full time to part time (3 days per week) on 1 March 2008. A payment of all leave and other entitlements amounting to $55,156 was paid at that time.
5. Mr R M Sealy was paid through Sealy Consulting Services Limited.
6. Mrs R Himmelberg was an employee of the Company for part of the year and was an employee of a subsidiary entity for the rest of the year.
7. In 2007, Mr D Richards was an employee of the Company for part of the year and was an employee of a subsidiary entity for the rest of the year. David was an employee of a subsidiary entity for all of the 2008 year.

c. Service agreements

The Group has entered into service contracts with each key management person, excluding the Company Secretary, that are capable of termination on three month's notice. The Group retains the right to terminate a contract immediately by making payment equal to three month's 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 contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Tony Noun is the Managing Director of Inventis and he receives remuneration in accordance with a contract of employment dated 1 January 2007. As at the date of this Report the salary package 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 (previously the Chief Financial Officer and Executive Director) and receives remuneration in accordance with a contract of employment dated 24 February 2006. As at the date of the Report the salary package is $210,000 per annum with a further performance based bonus of $20,000 and the contract is subject to three months' notice period either way.

David Richards is the Deputy General Manager of Inventis Technology Pty Limited and was an Alternate Director to Tony Noun and Robyn Himmelberg. David receives remuneration in accordance with a contract of employment dated 24 February 2006. As at the date of this Report the salary package is $194,210 per annum with a further performance based bonus of $100,000 and the contract is subject to three months' notice period either way.

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

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

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 65 and 66.

9. Remuneration Report (audited) cont.

d. Additional disclosures cont.

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 up to $48,000 per annum. The Chairperson receives $96,000 per annum.

Non-Executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of one committee. Non-Executive Director members who sit on more than one committee receive an additional payment of $1,500 per day for meetings attended.

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 Remuneration and Nominations Committee which may determine:

Eligibility

> Which executives and employees are eligible to participate;

> The criteria relevant to the selection of eligible executives and employees;

> The ineligibility of an executive or employee to participate in the EPOP if in the Committee's opinion participation by that executive or employee would constitute a breach of the rules of EPOP, or of the Company's Constitution, or of the ASX Listing Rules, or of any law of any jurisdiction; and

> 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 Remuneration Committee tabled its recommendations to the Board and the EPOP has been activated with effect from 1 July 2008.

10. Significant changes in the state of affairs

During the year the Company acquired Alpha Aviation Limited and its subsidiaries, a New Zealand Company manufacturing 2-seater trainer aircraft. The whole group of Alpha Aviation companies were put into liquidation and receivership during the year resulting in impairment losses incurred on the assets of the Alpha Aviation Group in order to recognise the assets at their recoverable amount less costs to sell and in the declaration of $23.1 million loss for the year for these discontinued operations.

In addition the Company finalised the settlement of the acquired business and assets of Damba Furniture Limited in New Zealand and all the shares on issue in Damba Furniture Pty Limited in Australia on 1 April 2007. The total consideration for the acquisition of Damba was: the issue of 3,300,000 fully paid Inventis shares at an issue price of AU$0.55 per share. These shares were held in escrow for 12 months. On 27 May 2008, an agreement was reached to settle a warranty claim made against the vendors. This has resulted in the cancellation of 872,606 shares and a consequent reduction in the purchase price in the sum of $479,933.

11. Dividends

No dividend has been declared or paid relating to the current year. A fully franked final dividend relating to the year 2006 was paid by the Company on 16 October 2006.

12. Events subsequent to reporting date

Inventis Technology Pty Limited, one of the subsidiaries of the Company entered into a contract with a company to develop and provide electronics and in consideration Inventis Technology Pty Limited will hold 7% of its paid up share capital.

13. Indemnification and insurance of officers and auditors

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

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums of $18,474 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

Alpha Aviation Limited (Alpha) had been engaged in litigation with the vendor of the Alpha aircraft, Société C.E.A.P.R (CEAPR). Alpha Aviation alleged failures on the part of CEAPR with respect to their obligations under the Sale and Purchase Agreement; and CEAPR claimed payment from Alpha for the balance of the purchase price in the sum of €742,500.

Subsequently, a settlement was agreed on the 8th November 2007 for Alpha to pay CEAPR €550,000 by way of 1,915,258 ordinary shares in the capital of Inventis Limited.

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 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 70 and forms part of the Directors' Report for financial year ended 30 June 2008.

This report is made with a resolution of the Directors:

Ian Winlaw	**Tony Noun**
Chairman	Managing Director

Dated at Sydney this 29 day of September 2008.

KPMG

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

To: the directors of Inventis Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

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

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney

29 September 2008

INCOME STATEMENTS for the year ended 30 June 2008

Inventis Limited and its Controlled Entities

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Continuing operations					
Revenue	10	37,416,965	30,777,597	-	-
Cost of sales		(22,164,492)	(16,819,111)	-	-
Gross profit		15,252,473	13,958,486	-	-
Other income	11	106,702	19,105	455,059	446,861
Expenses:					
Manufacturing and operations		(4,746,156)	(5,068,385)	-	-
Engineering and quality assurance		(1,694,300)	(543,450)	(82,429)	(1,338)
Administration		(7,286,992)	(4,897,198)	(24,404,111)	(2,420,412)
Sales and marketing		(4,486,761)	(3,232,026)	(135,784)	(4,850)
Results from operating activities	12	(2,855,034)	236,532	(24,167,265)	(1,979,739)
Finance income	13	410,668	119,403	135,660	33,098
Finance expense	13	(243,396)	(46,642)	(241,233)	(35,057)
Net finance income/(expense)	13	167,272	72,761	(105,573)	(1,959)
(Loss)/profit before income tax		(2,687,762)	309,293	(24,272,838)	(1,981,698)
Income tax benefit	14	885,019	305,283	1,179,575	656,604
(Loss)/profit from continuing operations	6	(1,802,743)	614,576	(23,093,263)	(1,325,094)
Discontinued operation					
Loss from discontinued operation, net of income tax	8	(23,068,259)	-	-	-
(Loss)/profit for the period		(24,871,002)	614,576	(23,093,263)	(1,325,094)
(Loss)/earnings per share					
Basic (loss)/earnings per share	27	(22.03)c	0.9c		
Diluted (loss)/earnings per share		(22.03)c	0.9c		
Continuing operations					
Basic (loss)/earnings per share	27	(1.60)c	0.9c		
Diluted (loss)/earnings per share		(1.60)c	0.9c		

The notes on pages 76 to 131 are an integral part of these consolidated financial statements.

BALANCE SHEETS as at 30 June 2008

Inventis Limited and its Controlled Entities

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Assets					
Cash and cash equivalents	15	354,732	1,444,968	35,712	147,294
Trade and other receivables	16	7,067,857	7,462,362	6,047,287	13,966,924
Inventories	17	5,046,676	5,642,159	-	-
Other financial assets	18	-	4,895,543	-	4,895,543
Prepayments		88,730	723,745	34,999	340,711
Current tax assets	19(i)	150,496	108,752	157,804	146,618
Assets classified as held for sale	9	3,131,001	-	-	-
Total current assets		15,839,492	20,277,529	6,275,802	19,497,090
Non-current assets					
Property, plant and equipment	20	2,521,526	2,581,120	165,279	19,690
Other financial assets	18	69,045	-	14,699,129	14,686,570
Deferred tax assets	19(iii)	1,922,662	1,018,632	916,237	599,327
Intangible assets	21	5,148,294	6,964,122	-	-
Total non-current assets		9,661,527	10,563,874	15,780,645	15,305,587
Total assets		25,501,019	30,841,403	22,056,447	34,802,677
Liabilities					
Trade and other payables	22	6,110,978	5,531,935	4,895,026	6,447,383
Interest-bearing liabilities	23	2,313,364	985,435	461,458	974,839
Employee benefits	25	1,287,862	1,554,806	44,397	214,518
Liabilities classified as held for sale	9	5,877,804	-	-	-
Total current liabilities		15,590,008	8,072,176	5,400,881	7,636,740
Non-current liabilities					
Interest-bearing liabilities	23	1,248,705	1,812,093	1,241,543	1,800,379
Employee benefits	25	168,770	123,193	11,731	7,542
Total non-current liabilities		1,417,475	1,935,286	1,253,274	1,807,921
Total liabilities		17,007,483	10,007,462	6,654,155	9,444,661
Net assets		8,493,536	20,833,941	15,402,292	25,358,016
Equity					
Share capital	26	31,356,602	18,219,059	40,293,027	27,155,488
Reserves	26	(207,708)	399,238	-	-
Retained earnings/(accumulated losses)	26	(22,655,358)	2,215,644	(24,890,735)	(1,797,472)
Total equity		8,493,536	20,833,941	15,402,292	25,358,016

The notes on pages 76 to 131 are an integral part of these consolidated financial statements.

STATEMENTS OF RECOGNISED INCOME AND EXPENSES for the year ended 30 June 2008

Inventis Limited and its Controlled Entities

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Foreign currency translation differences for foreign operations – continuing operations		(217,813)	(4,680)	-	-
Foreign currency translation differences for foreign operations – discontinued operations		(389,133)	-	-	-
Income and expenses recognised directly in equity		(606,946)	(4,680)	-	-
(Loss)/profit for the year from continuing operations		(1,802,743)	614,576	(23,093,263)	(1,325,094)
(Loss) from discontinued operations		(23,068,259)	-	-	-
(Loss)/profit for the year		(24,871,002)	614,576	(23,093,263)	(1,325,094)
Total recognised income and expenses for the period	26	(25,477,948)	609,896	(23,093,263)	(1,325,094)

The notes on pages 76 to 131 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS for the year ended 30 June 2008

Inventis Limited and its Controlled Entities

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Cash flows from operating activities					
Receipts from customers		42,431,958	31,642,170	473,204	-
Payments to suppliers and employees		(44,962,208)	(32,851,229)	(2,791,585)	(2,177,806)
Interest received		61,506	112,020	25,441	33,098
Interest paid		(394,751)	(46,642)	(241,233)	(35,057)
Income tax refund/(paid)		24,595	(126,899)	24,595	356,121
Net cash (used in)/from operating activities	34	(2,838,900)	(1,270,580)	(2,509,578)	(1,823,644)
Cash flows from investing activities					
Acquisition of subsidiaries net of cash acquired	7	236,427	(2,143,993)	-	-
Payments for other financial assets		(69,045)	-	(12,559)	-
Loans to subsidiaries		-	-	1,803,555	
Purchase of fixed assets		(823,155)	(471,316)	(167,755)	(21,171)
Development expenditure		(126,405)	(600,849)	-	-
Proceeds from sale of fixed assets		14,247	50,505	-	-
Net cash (used in)/from investing activities		(767,931)	(3,165,653)	1,623,241	(21,171)
Cash flows from financing activities					
Proceeds from issue of shares		2,071,399	111,400	2,071,399	111,400
Transaction costs paid		(334,642)	(248,550)	(334,646)	-
Proceeds from borrowings		1,781,649	1,656,386	-	398,654
Repayment of borrowings		(961,998)	-	(961,998)	-
Payment of finance lease liabilities		(39,813)	(21,724)	-	-
Dividends paid		-	(657,029)	-	(657,029)
Net cash from/(used in) financing activities		2,516,595	840,483	774,755	(146,975)
Net decrease in cash and cash equivalents		(1,090,236)	(3,595,750)	(111,582)	(1,991,790)
Cash and cash equivalents at 1 July		1,444,968	5,040,718	147,294	2,139,084
Cash and cash equivalents at 30 June	15	354,732	1,444,968	35,712	147,294

The notes on pages 76 to 131 are an integral part of these consolidated financial statements.

Contents of the notes to financial statements

Note 1: Reporting entity

Inventis Limited (the "Company") is a company domiciled in Australia and incorporated in Australia. The address of the Company's registered office is Suite 12, 1 Box Road, Caringbah, NSW 2229. The consolidated financial statements of the Company as at and for the year ended 30 June 2008 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, 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 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 26 is that of the Company.

Note 2: Basis of preparation

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 29 September 2008.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

> Property is measured at fair value; and
> Financial instruments at fair value through profit or loss are measured at fair value.

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

(d) Use of estimates and judgements

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

Note 2: Basis of preparation cont.

(d) Use of estimates and judgements cont.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 – Acquisition of subsidiaries
- Note 8 – Discontinued operations
- Note 9 – Current assets and liabilities held for sale
- Note 19(ii) and (iii) – Tax assets and liabilities
- Note 21 – Intangible assets

(e) Going concern

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

For the year ended 30 June 2008, the Group recorded a loss after tax of $1,802,743 from continuing operations (Company: $23,093,263) and a net loss of $24,871,002 for the year including discontinued operations (Company: $23,093,263).

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

- The Group and Company are in an overall net asset position at 30 June 2008 of $8,493,536 and $15,402,292 respectively which includes the negative impact of Alpha Aviation.
- The Group and Company have net current assets of $249,484 and $874,921 respectively. Excluding the balances relating to Alpha Aviation, the Group would be in a net current asset position of $2,996,287 at 30 June 2008.
- The loss for the year includes one-off impairment charges of $20,698,295 for the Group and $21,589,731 for the Company relating to the investment in Alpha Aviation. These charges and the operating losses relating to Alpha will not recur in future periods given that these companies are now under receivership and Inventis has not provided any guarantees to any creditors or financiers for the liabilities of Alpha.
- Banking facilities of $6.3 million are available to the Group as at 30 June 2008. The Group does not expect to require funding beyond this facility in the foreseeable future, or at least one year from the signing of these financial statements. Of the available facilities, $1.8 million was drawn down at 30 June 2008, leaving $4.5 million in unutilised facilities.
- The Directors have reviewed the cash flow forecasts relating to the remaining Furniture and Technology operations and believe that there will be sufficient cash inflows and facilities available to enable the Group and the Company to fund its operations for at least 12 months from the date that these financial statements have been approved.

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

Note 3: Significant accounting policies

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.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Notes 10, 11 and 13).

(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 2008 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.

Note 3: Significant accounting policies cont.

(a) Basis of consolidation cont.

(i) Principles of consolidation cont.

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

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

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

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

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

(ii) Transactions eliminated on consolidation

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

(iii) Business combinations

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

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

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

The results of Alpha Aviation Limited and its subsidiaries since acquisition are presented in Note 8.

(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 2008 have been accounted for on a basis other than going concern in the consolidated financial statements for the year ended 30 June 2008.

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 2008. The effect of this change in the basis of accounting relating to Alpha Aviation has increased current assets and decreased non-current assets and increased current liabilities and decreased non-current liabilities.

Note 3: Significant accounting policies cont.

(c) Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign operations

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

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

(d) Financial instruments

(i) Non-derivative financial instruments

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

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

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

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

Accounting for finance income and expense 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.

(ii) Share capital

Ordinary shares

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

Note 3: Significant accounting policies cont.

(d) Financial instruments cont.

(ii) Share capital cont.

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

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

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

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

(ii) Revaluation of property

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

(iii) Subsequent costs

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statements during the financial period in which they are incurred.

(iv) Depreciation

Depreciation is recognised in profit and loss on a straight-line basis to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

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

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

Note 3: Significant accounting policies cont.

(e) Property, plant and equipment cont.

(iv) Depreciation cont.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Intangible assets

(i) Goodwill

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

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

(ii) Research and development

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

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

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

(iii) Intellectual property, customer relationships and brands

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

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

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

Note 3: Significant accounting policies cont.

(f) Intangible assets cont.

(iv) Other intangible assets

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

(v) Subsequent expenditure

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

(vi) Amortisation

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

(g) Leases

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

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

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

(h) Inventories

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

(i) Impairment

(i) Financial assets

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

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

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

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

Note 3: Significant accounting policies cont.

(i) Impairment cont.

(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 reporting 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 reporting 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 reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Non-current assets held for sale

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

(k) Employee benefits

(i) Defined contribution plans

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

(ii) Long service leave

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

Note 3: Significant accounting policies cont.

(k) Employee benefits cont.

(iv) Bonus plans

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

(v) Employee Performance Option Plan

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

(l) Provisions

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

(m) Revenue

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

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

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

(n) Lease payments

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

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

(o) Finance income and expenses

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

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

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

(p) Income tax

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

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

Note 3: Significant accounting policies cont.

(p) Income tax cont.

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

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

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

(i) Tax consolidation

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

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

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

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

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

(ii) Nature of tax funding arrangements and tax sharing arrangements

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

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

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

Note 3: Significant accounting policies cont.

(q) Goods and services tax

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

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

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

(r) Discontinued operations

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

(s) Earnings per share

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

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

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

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

Note 3: Significant accounting policies cont.

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

- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see Note 6). Under the management approach, the Group will present segment information in respect of manufacture and sale of commercial furniture (Furniture Division) and electronic controllers and computers (Technology Division).
- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Group has not yet determined the potential effect of the revised standard on future earnings.
- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.
- AASB 2008-7 *Amendments to Australian Accounting Standards* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate changes the accounting for the cost of an investment under AASB 127. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

Note 4: Determination of fair values

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

(i) Property, plant and equipment

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

(ii) Intangible assets

The fair value of Identifiable Intangibles acquired in a business combination are based on the criteria set out in Note 21.

(iii) Inventory

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

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

> Credit risk
> Liquidity risk
> Market risk
> Currency risk
> Interest rate risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

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

Credit risk

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

Trade and other receivables

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

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

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

Note 5: Financial risk management cont.

Trade and other receivables cont.

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

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

Liquidity risk

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

The Group maintains sufficient cash, and the availability of funding through an adequate amount of committed credit facilities including invoice financing facilities totaling $6.3 million of which $3.3 million has been activated and as at the balance date $1.8 million, was used.

Market risk

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

The Group does not enter into derivatives, All market risk transactions are carried out within the guidelines set by the Audit and Risk Management Committee.

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 electronic products 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 commercial furniture business, since the acquisition of the business of Damba Furniture Limited, and the creation of Gregory Commercial Furniture (NZ) Limited, now operates in the New Zealand market and thus has exposure to foreign exchange risk.

Interest rate risk

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

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

> 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 Company's and 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 net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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

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

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

Note 6: Segment reporting

The Group comprises the following main business segments:

> *Furniture Division.* The manufacture and sale of a range of furniture, principally commercial office furniture tables and chairs.

> *Technology Division.* The design and manufacture of custom control systems and portable personal tracking systems.

Other operations discontinued during the year include the manufacture and sale of flight training aircraft. 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.

	Furniture Division	Technology Division	Unallocated	Eliminations	Continuing Operations	Aviation (Discontinued)
(In AUD)	$	$	$	$	$	$
2008						
Total external revenues	24,420,129	12,996,836	-	-	37,416,965	1,123,942
Intersegment revenue	1,452,336	-	-	(1,452,336)	-	-
Other revenue/income	101,910	4,792	455,059	(455,059)	106,702	-
Total segment revenue/income	25,974,375	13,001,628	455,059	(1,907,395)	37,523,667	1,123,942
Results from operating activities	66,689	(70,114)	-	455,059	451,634	(23,068,259)
Unallocated expenses	-	-	(3,139,396)	-	(3,139,396)	-
Income tax expense	(144,470)	(150,491)	1,179,980	-	885,019	-
(Loss)/profit for the period	(77,781)	(220,605)	(1,959,416)	455,059	(1,802,743)	(23,068,259)

	Furniture Division	Technology Division	Unallocated	Eliminations	Consolidated
(In AUD)	$	$	$	$	$
2007					
Total external revenues	17,774,076	12,985,819	17,702	-	30,777,597
Intersegment revenue	184,375	570,395	-	(754,770)	-
Other revenue/income	19,105	-	446,861	(446,861)	19,105
Total segment revenue/income	17,977,556	13,556,214	464,563	(1,201,631)	30,796,702
Results from operating activities	1,097,551	1,213,145	-	446,861	2,757,557
Unallocated expenses	-	-	(2,448,264)	-	(2,448,264)
Income tax expense	(275,430)	185,213	395,500	-	305,283
(Loss)/profit for the period	822,121	1,398,358	(2,052,764)	446,861	614,576

Note 6: Segment reporting cont.

	Furniture Division	Technology Division	Unallocated	Eliminations	Continuing Operations	Aviation (Discontinued)
(In AUD)	$	$	$	$	$	$
2008						
Segment assets	12,656,772	8,385,268	1,327,978	-	22,370,018	3,131,001
Segment liabilities	(7,388,658)	(2,721,921)	(1,019,100)	-	(11,129,679)	(5,877,804)
Depreciation and amortisation	754,861	480,594	22,166	-	1,257,621	336,275
Impairment of assets	-	636,071	-	-	636,071	8,942,056
Goodwill impairment	303,156	76,232	-	-	379,388	11,756,239
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	98,653	56,688	167,775	-	323,116	500,039

	Furniture Division	Technology Division	Unallocated	Eliminations	Consolidated
(In AUD)	$	$	$	$	$
2007					
Segment assets	12,957,389	10,312,383	7,571,631	-	30,841,403
Segment liabilities	(4,090,771)	(2,340,506)	(3,576,185)	-	(10,007,462)
Depreciation and amortisation	743,350	433,511	1,482	-	1,178,343
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	223,905	185,309	21,172	-	430,386

Geographical segments

	Australia	New Zealand	Unallocated	Eliminations	Continuing Operations	New Zealand (Discontinued)
(In AUD)	$	$	$	$	$	$
2008						
Sales to external customers	32,951,539	4,465,426	-	-	37,416,965	1,123,942
Intersegment sales	616,735	835,601	-	(1,452,336)	-	-
Other revenue/income	103,922	2,780	455,059	(455,059)	106,702	-
Total segment revenue/income	33,672,196	5,303,807	455,059	(1,907,395)	37,523,667	1,123,942
Segment result	1,106,900	(1,110,325)	-	455,059	451,634	(23,068,259)
Unallocated expenses	-	-	(3,139,396)	-	(3,139,396)	-
Income tax expense	(613,627)	318,666	1,179,980	-	885,019	-
(Loss)/profit for the period	493,273	(791,659)	(1,959,416)	455,059	(1,802,743)	(23,068,259)

Note 6: Segment reporting cont.

Geographical segments cont.

	Australia	New Zealand	Unallocated	Eliminations	Consolidated
(In AUD)	$	$	$	$	$
2007					
Sales to external customers	29,416,694	1,343,201	17,702	-	30,777,597
Intersegment sales	754,770	-	-	(754,770)	-
Other revenue/income	3,138	15,967	446,861	(446,861)	19,105
Total segment revenue/income	**30,174,602**	**1,359,168**	**464,563**	**(1,201,631)**	**30,796,702**
Segment result	2,471,784	(161,088)	-	446,861	2,757,557
Unallocated expenses	-	-	(2,448,264)	-	(2,448,264)
Income tax expense	(153,612)	63,395	395,500	-	305,283
(Loss)/profit for the period	**2,318,172**	**(97,693)**	**(2,052,764)**	**446,861**	**614,576**

	Australia	New Zealand	Unallocated	Eliminations	Continuing Operations	New Zealand (Discontinued)
(In AUD)	$	$	$	$	$	$
2008						
Segment assets	19,104,996	1,937,044	1,327,978	-	22,370,018	3,131,001
Segment liabilities	(9,162,875)	(947,704)	(1,019,100)	-	(11,129,679)	(5,877,804)
Depreciation and amortisation	1,175,712	59,743	22,166	-	1,257,621	336,275
Impairment of assets	636,071	-	-	-	636,071	8,942,056
Goodwill impairment	177,448	201,940	-	-	379,388	11,756,239
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	98,653	56,688	167,775	-	323,116	500,039

	Australia	New Zealand	Unallocated	Eliminations	Consolidated
(In AUD)	$	$	$	$	$
2007					
Segment assets	20,612,326	2,657,447	7,571,630	-	30,841,403
Segment liabilities	(5,651,975)	(779,301)	(3,576,186)	-	(10,007,462)
Depreciation and amortisation	1,163,367	13,494	1,482	-	1,178,343

Note 7: Acquisitions of subsidiaries

Business combinations

(i) Alpha Aviation

On 2 July 2007, the Group acquired 100% of the shares in the Alpha Group of Companies ("Alpha") namely: Alpha Aviation Limited, Alpha Aviation Manufacturing Limited, Alpha Aviation Marketing Limited, Alpha Aviation Design Limited, Alpha Aviation Leasing Limited, Alpha Aviation Property Limited, Alpha Aviation Investments Limited and A&CL Properties (2005) Limited. The total consideration paid was $11,104,547 which was settled by the issue of 27,547,133 shares in Inventis Limited at 40 cents per share. The share price was determined based on a valuation analysis of the observed share price in the time leading up to the acquisition. At the acquisition date, the Group was involved in aeroplane manufacture, marketing and leasing.

The acquisition of the business of the Alpha Aviation Group by Inventis Limited had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition Carrying Amounts	Fair Value Adjustments	Recognised Values on Acquisition
(In AUD)	$	$	$
Cash	322,121	-	322,121
Inventory	2,381,752	-	2,381,752
Trade and other receivables	668,052	-	668,052
Prepayments	69,028	-	69,028
Current tax asset	5,100	(5,100)	-
Property plant and equipment	5,444,701	-	5,444,701
Other intangible assets	1,940,820	-	1,940,820
Trade creditors and other payables	(1,421,032)	-	(1,421,032)
Interest bearing liabilities	(3,470,843)	-	(3,470,843)
Employee benefits liability	(112,530)	-	(112,530)
Provisions	(1,181,722)	-	(1,181,722)
Non-interest bearing related party loan	(4,895,543)	-	(4,895,543)
Non-interest bearing loan	(396,496)	-	(396,496)
Net identifiable assets and liabilities	(646,592)	(5,100)	(651,692)
Goodwill on acquisition			11,756,239
Consideration paid*			11,104,547
Consideration paid in cash			(85,694)
Cash acquired			322,121
Net cash inflow			236,427

* Consideration paid:

	$
Shares	11,018,853
Cash – Transaction costs	85,694
Total purchase consideration	11,104,547

The goodwill recognised on the acquisition was attributable mainly to the skills and technical talent of the acquired business's work force.

The results of Alpha are presented as discontinued operations in Note 8.

Note 7: Acquisitions of subsidiaries cont.

Business combinations cont.

(ii) Impart Special Products Pty Limited

On 6th September 2006, the Group member PNE Electronics Pty Limited acquired all of the shares in Impart Special Products Pty Limited for $1,672,890 in cash. The company manufactures and distributes electronic control systems for the emergency vehicles industry. If the acquisition had occurred on 1 July 2006, management estimates that consolidated revenue for the 2007 year would have been higher by $316,191 and consolidated profit for the period would have been higher by $60,457.

The acquisition of Impart Special Products Pty Limited had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition Carrying Amounts	Fair Value Adjustments	Recognised Values on Acquisition
(In AUD)	$	$	$
Property, plant and equipment	72,935	-	72,935
Intangible assets	-	988,000	988,000
Inventories	249,294	-	249,294
Trade and other receivables	283,377	-	283,377
Deferred tax assets	79,506	-	79,506
Cash and cash equivalents	226,270	-	226,270
Deferred tax liabilities	(197)	(135,300)	(135,497)
Employee benefits	(258,562)	-	(258,562)
Trade and other payables	(285,236)	-	(285,236)
Net identifiable assets and liabilities	367,387	852,700	1,220,087
Goodwill on acquisition			495,676
Consideration paid, satisfied in cash*			1,715,763
Cash acquired			226,270
Net cash outflow			1,489,493

* Consideration paid:

	$
Cash	1,672,890
Shares	-
Transaction costs	42,873
Total purchase consideration	1,715,763

The goodwill of recognised on the acquisition is attributable to the range of products, the skills of the acquired workforce and the synergies expected to arise from the integration of the businesses into the relevant subsidiaries of the Company.

Note 7: Acquisitions of subsidiaries cont.

Business combinations cont.

(iii) Damba Furniture Pty Limited and the Business of Damba Furniture Limited (NZ)

On 1st April 2007, the Group member Gregory Commercial Furniture Pty Limited acquired all of the shares in Damba Furniture Pty Limited in Australia and the Business and Net Assets and certain liabilities of Damba Furniture Limited in New Zealand for a total consideration amount of $2,324,383. The New Zealand business has been placed into a wholly owned subsidiary Gregory Commercial Furniture (NZ) Limited. The Damba companies manufacture a complimentary range of commercial office furniture to that produced by Gregory Commercial Furniture Pty Limited. If the acquisition had occurred on 1 July 2006, management estimates that consolidated revenue for the 2007 year would have been higher by $7,561,927 and consolidated profit for the period would have been lower by $827,499.

The acquisition of Damba Furniture Pty Limited had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition Carrying Amounts	Fair Value Adjustments	Recognised Values on Acquisition
(In AUD)	$	$	$
Property, plant and equipment	29,351	-	29,351
Intangible assets	-	250,500	250,500
Inventories	611,664	-	611,664
Prepayments	9,217	-	9,217
Trade and other receivables	803,514	-	803,514
Deferred tax assets	50,247	-	50,247
Deferred tax liabilities	(1,607)	-	(1,607)
Employee benefits	(66,390)	-	(66,390)
Trade and other payables	(1,765,660)	-	(1,765,660)
Net identifiable assets and liabilities	(329,664)	250,500	(79,164)
Goodwill on acquisition			1,284,716
Consideration paid *			1,205,552
Consideration paid in cash			86,743
Cash acquired			-
Net cash outflow			86,743

* Consideration paid:

	$
Shares	1,118,809
Transaction costs	86,743
Total purchase consideration	1,205,552

The goodwill of both Damba Furniture Pty Limited and the business of Damba Furniture Limited (NZ) are attributable to the range of products, the skills of the acquired workforce and the synergies expected to arise from the integration of the businesses into the relevant subsidiaries of the Company.

During the year the accounting for the business combination was completed as per permitted by AASB 3 Business Combinations which resulted in recognition of intangibles assets of $250,500 and a corresponding decrease in goodwill. An amount an impairment loss of $101,216 was recognised in relation to the above goodwill on acquisition. See Note 21.

Note 7: Acquisitions of subsidiaries cont.

Business combinations cont.

(iii) Damba Furniture Pty Limited and the Business of Damba Furniture Limited (NZ) cont.

The acquisition of business of Damba Furniture Limited by Gregory Commercial Furniture (NZ) Limited had the following effect on the Group's assets and liabilities on acquisition date:

(In AUD)	Pre-acquisition Carrying Amounts $	Fair Value Adjustments $	Recognised Values on Acquisition $
Property, plant and equipment	270,401	-	270,401
Intangible assets	-	-	-
Inventories	1,018,588	-	1,018,588
Prepayments	11,681	-	11,681
Trade and other receivables	586,272	-	586,272
Employee benefits	(66,308)	-	(66,308)
Trade and other payables	(758,626)	-	(758,626)
Net identifiable assets and liabilities	**1,062,008**	**-**	**1,062,008**
Goodwill on acquisition			201,940
Consideration paid*			1,263,948
Consideration paid in cash			567,757
Cash acquired			-
Net cash outflow			567,757

* Consideration paid:

	$
Cash	513,780
Shares	696,191
Transaction costs	53,977
Total purchase consideration	1,263,948

During the 2008 year, an amount an impairment loss of $201,940 was recognised in relation to the above goodwill on acquisition.

Note 8: 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.

A consequence of the above events in future reporting periods is that the net deficiency in assets currently recognised in the consolidated financial statements at 30 June 2008 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.

As Alpha Aviation was only acquired during the current period under review, there are no comparatives as this is the first period that Alpha Aviation has been consolidated. The details relating to the acquisition of this group is set out in Note 7.

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Results of discontinued operation		
Revenue	1,123,942	-
Expenses	(3,344,775)	-
Impairment losses	(20,698,295)	-
Results from operating activities	(22,919,128)	-
Finance income	17,128	-
Finance expense	(166,259)	-
Net finance costs	(149,131)	-
Income tax expense	-	-
Results from operating activities, net of income tax	(23,068,259)	-
Gain on sale of discontinued operation	-	-
Income tax on gain on sale of discontinued operation	-	-
Loss for the period	(23,068,259)	-
Basic earnings (loss) per share (AUD)	(20.43)c	-
Diluted earnings (loss) per share (AUD)	(20.43)c	-
Cash flows used in discontinued operation		
Net cash used in operating activities	(3,774,460)	-
Net cash from investing activities	(500,039)	-
Net cash from financing activities	4,289,579	-
Net cash used in discontinued operation	15,080	-

Note 9: Current assets and liabilities held for sale

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

Assets classified as held for sale

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Cash and cash equivalents	307,041	-
Inventories	685,389	-
Property, plant and equipment	1,997,684	-
Trade and other receivables	140,887	-
	3,131,001	-

Liabilities classified as held for sale

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Trade and other payables	2,482,706	-
Loans and borrowings	3,395,098	-
	5,877,804	-

An Impairment loss of $11,756,239 in relation to goodwill and $8,942,056 in relation to other assets on the re-measurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in expenses in the consolidated income statement. Of this impairment loss, $1,669,582 relates to impairment of intangibles and $7,272,474 relates to other assets.

Note 10: Revenue

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Sales of goods	37,416,965	30,777,597	-	-
Total revenues	37,416,965	30,777,597	-	-

The comparative amounts above for the Company have been changed from the amounts previously reported to be consistent with current year treatment. Management fee revenue for 2007 of $446,861 for the Company has been reclassified and included in other income (see Note 11).

Note 11: Other income

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Services and other revenue	105,910	-	-	-
Management fees	-	-	455,059	446,861
Net gain on sale of fixed asset	792	19,105	-	-
Total other income	106,702	19,105	455,059	446,861

As explained in Note 10 above, the comparative amounts above for the Company have been restated.

The comparative amounts above for the Consolidated Entity have been changed from the amounts previously reported to be consistent with current year treatment. Foreign exchange revenue for 2007 of $7,383 has been reclassified and included in finance income (see Note 13).

Note 12: Expenses

(i) Personnel expenses

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Wages and salaries	11,998,850	6,935,356	1,455,743	769,211
Other associated personnel expenses	764,744	714,667	108,535	142,858
Contributions to defined contribution superannuation funds	918,460	811,046	141,884	148,583
(Decrease)/increase in liability for annual leave	(355,336)	379,825	(100,735)	96,030
Increase/(decrease) in liability for long-service leave	133,969	46,291	(65,197)	26,590
Termination benefits	46,645	48,230	-	43,497
	13,507,332	8,935,415	1,540,230	1,226,769

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

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Depreciation	20	321,312	301,687	22,166	1,482
Depreciation – Discontinued operation	20	298,432	-	-	-
Amortisation	20 & 21	936,309	876,656	-	-
Amortisation – Discontinued operation	21	37,843	-	-	-
Research and development		1,864,780	1,550,976	-	-
Rental expense on operating leases: minimum lease payment		1,100,976	650,435	33,030	-
Goodwill impairment	21	379,388	-	-	-
Goodwill impairment – Discontinued operation	21	11,756,239	-	-	-
Impairment of other intangibles	21	636,071	-	-	-
Impairment of other intangibles – Discontinued operation	21	1,669,582	-	-	-
Impairment of financial assets		-	-	21,589,731	-
Impairment of assets – Discontinued operation	9	7,272,474	-	-	-
Net loss on disposal of non-current assets		-	19,105	-	-

Impairment of assets in the Company

The Company recognised impairment of $21,589,731 during the year in relation to receivables from Group entities. During the 2007 year the Company made a loan advance of $4,895,614 to Alpha Aviation Limited, a related party by virtue of common directors and shareholders. The loan is repayable at call. After the acquisition of the Alpha Aviation Group in the 2008 year, a further loan advance of $4,320,457 was made by the Company to Alpha Aviation Limited. The loans were considered to be impaired as at 30 June 2008 due to the Alpha Aviation Group being placed into liquidation and receivership. During the year the Company made a loan advance of $12,373,660 to Inventis NZ Limited in relation to the purchase of the Alpha Aviation Group which is repayable at call. The loan was considered to be impaired as at 30 June 2008.

Note 13: Finance income and expense

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Interest income on bank deposits	44,378	112,020	25,441	33,098
Net foreign exchange gain	366,290	7,383	110,219	-
Finance income	410,668	119,403	135,660	33,098
Interest expense on financial liabilities measured at amortised cost	(243,396)	(46,642)	(241,233)	(35,057)
Finance expense	(243,396)	(46,642)	(241,233)	(35,057)
Net finance income/(expense)	167,272	72,761	(105,573)	(1,959)

As explained in Note 11 on page 98, the comparative amounts above for the Company have been restated.

Note 14: Income tax expense

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Current tax expense				
Current period	(19,254)	(635,508)	892,700	-
Adjustment for prior periods	35,267	85,459	17,844	89,679
	16,013	(550,049)	910,544	89,679
Deferred tax expense				
Recognition of temporary differences on new entities entering tax consolidated group	-	334,702	-	-
Origination and reversal of temporary differences	869,006	520,630	269,031	566,925
Income tax benefit	885,019	305,283	1,179,575	656,604

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

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Total income tax expense				
(Loss)/profit from continuing operations excluding income tax	(2,687,762)	309,293	(24,272,838)	(1,981,698)
(Loss)/profit from discontinued operation excluding income tax	(23,068,259)	-	-	-
(Loss)/profit excluding income tax	(25,756,021)	309,293	(24,272,838)	(1,981,698)
Income tax using the Company's domestic tax rate of 30%	(7,726,806)	92,788	(7,281,851)	(594,509)
Effect of tax rates in foreign jurisdictions	(26,520)	6,384	-	-
Non-deductible expenses	7,205,531	103,379	6,422,077	27,588
Tax incentives (research and development)	-	(87,673)	-	-
Adjustments for prior periods	(35,267)	(85,459)	(17,844)	(89,683)
Prior year tax losses now recognised	(301,957)	-	(301,957)	-
Recognition of temporary differences on new entities entering tax consolidated group	-	(334,702)	-	-
Tax benefit	(885,019)	(305,283)	(1,179,575)	(656,604)

Note 14: Income tax expense cont.

Income tax recognised directly in equity

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Income tax on income and expense recognised directly in equity	(74,981)	142,936	(47,877)	7,636
Total income tax recognised directly in equity	(74,981)	142,936	(47,877)	7,636

Note 15: Cash and cash equivalents

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Bank balances	354,732	1,444,968	35,712	147,294
Cash and cash equivalents in the Statements of Cash Flows	354,732	1,444,968	35,712	147,294

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 28.

Note 16: Trade and other receivables

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Current				
Trade receivables	7,219,811	7,410,984	1,803	1,911
Provision for impairment loss	(251,673)	(32,418)	-	-
Receivables due from subsidiaries	-	-	6,018,015	13,965,013
Other receivables	99,719	83,796	27,469	-
	7,067,857	7,462,362	6,047,287	13,966,924

(i) Bad and doubtful trade receivables

The Group has recognised a recovery of $7,683 (2007: $14,300) in respect of bad debts during the year ended 30 June 2008. The recovery has been included in 'administration expenses' in the Income Statements.

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 28 which includes specific impairment provisions for bad and doubtful debt.

(ii) Other receivables

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

(iii) Effective interest rates and credit risk

The Groups exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 28.

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

Receivables denominated in currencies other than the functional currency comprise $503,850 of trade receivables denominated in NZ Dollars (2007: $744,164) and $140,338 of trade receivables denominated in US Dollars (2007: $112,723).

Note 17: Inventories

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Raw materials and consumables	3,586,780	3,101,810	-	-
Work in progress	811,593	723,864	-	-
Finished goods	633,037	1,703,910	-	-
Stock in transit	15,266	112,575	-	-
Inventories stated at lower of cost and net realisable value	5,046,676	5,642,159	-	-

In the 2008 financial year raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $22,164,492 (2007: $16,819,111). A provision for impairment of $523,745 (2007: $671,112) has been recognised in relation to certain obsolete inventories.

Note 18: Other financial assets

		Consolidated Entity		Company	
		2008	2007	2008	2007
(In AUD)		$	$	$	$
Current					
Loan to Alpha Aviation Limited (at call)	30 (viii)	-	4,895,543	9,216,071	4,895,543
Impairment loss		-	-	(9,216,071)	-
		-	4,895,543	-	4,895,543
Non-current					
Shares in subsidiaries - at cost		-	-	14,686,570	14,686,570
Rental deposits		69,045	-	12,559	-
		69,045	-	14,699,129	14,686,570

An impairment loss of $9,216,071 has been recognised in the Income Statements as a result of the Alpha Aviation Group being placed into liquidation and receivership (see Notes 7, 8 and 12(ii)). The loan is eliminated on consolidation as the Alpha Aviation Group was purchased during the 2008 year.

Note 19: Tax assets and liabilities

(i) Current tax assets and liabilities

The current tax asset for the Group of $150,496 (2007: $108,752) and for the Company of $157,804 (2007: $146,618) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority.

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

(ii) Unrecognised deferred tax assets

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

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Tax losses	837,978	301,957	-	301,957

Note 19: Tax assets and liabilities cont.

(iii) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
(In AUD)	$	$	$	$	$	$
Consolidated						
Property, plant and equipment	(196,530)	(224,520)	-	-	(196,530)	(224,520)
Intangible assets	232,534	31,993	-	-	232,534	31,993
Inventories	211,067	84,553	-	-	211,067	84,553
Employee benefits	466,207	498,493	-	-	466,207	498,493
Bad and doubtful debts	81,392	9,725	-	-	81,392	9,725
Accruals	6,750	7,500	-	-	6,750	7,500
Other items	233,099	178,418	-	-	233,099	178,418
Tax loss carry-forwards	888,143	432,470	-	-	888,143	432,470
Tax assets/(liabilities)	1,922,662	1,018,632	-	-	1,922,662	1,018,632
Net tax assets/(liabilities)	1,922,662	1,018,632	-	-	1,922,662	1,018,632

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
(In AUD)	$	$	$	$	$	$
Company						
Employee benefits	16,838	66,618	-	-	16,838	66,618
Accruals	107,630	79,049	-	-	107,630	79,049
Other	83,959	21,190	-	-	83,959	21,190
Tax loss carry forward	707,810	432,470	-	-	707,810	432,470
Tax assets/(liabilities)	916,237	599,327	-	-	916,237	599,327
Net tax assets/(liabilities)	916,237	599,327	-	-	916,237	599,327

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.

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

The comparative amounts for deferred tax liabilities for the consolidated entity and the Company have been reclassified from the amounts previously reported to be consistent with current year treatment of offsetting the deferred tax liabilities against the deferred tax assets. For 2007 the deferred tax liabilities of $784,934 for the Consolidated Entity and $15,124 for the Company have been offset against deferred tax assets.

Note 19: Tax assets and liabilities cont.

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

	Balance 1 July 06	Balance 30 June 07	Additions	Balance 30 June 08
(In AUD)	$	$	$	$
Consolidated Enitity				
Tax losses	-	301,957	536,021	837,978

The balance of the unrecognised deferred tax assets at 30 June 2008 relates to tax losses incurred by the Alpha Aviation Group of companies. Deferred tax assets have not been recognised in respect of these items because it is not probable that future tax able profit will be available against which the Group can utilise the benefits therefrom.

	Balance 1 July 06	Balance 30 June 07	Additions	Balance 30 June 08
(In AUD)	$	$	$	$
Company				
Tax losses	-	301,957	(301,957)	-

Note 20: Property, plant and equipment

	Land and Buildings	Leasehold Improvements	Plant and Equipment	Fixtures and Fittings	Motor Vehicle	Total
(In AUD)	$	$	$	$	$	$
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated Entity						
Balance at 1 July 2006	875,000	197,974	897,288	40,991	113,387	2,124,640
Additions	-	80,842	310,272	16,946	22,326	430,386
Additions from business combinations (Note 7)	-	51,873	278,556	35,928	6,440	372,797
Depreciation for the year	-	(11,233)	(267,146)	(16,132)	(7,176)	(301,687)
Lease amortisation	-	-	(15,427)	-	-	(15,427)
Impairment loss	-	-	(16,932)	-	-	(16,932)
Others	-	-	5,945	-	-	5,945
Reclassification	-	(316)	(9,030)	9,599	(253)	-
Disposals	-	-	(17,608)	-	-	(17,608)
Effect of movements in exchange rates	-	(170)	(748)	(56)	(20)	(994)
Balance at 30 June 2007	875,000	318,970	1,165,170	87,276	134,704	2,581,120
At 30 June 2007						
Cost or fair value	875,000	340,756	1,773,255	171,083	279,364	3,439,458
Accumulated depreciation	-	(21,786)	(608,085)	(83,807)	(144,660)	(858,338)
Carrying amount	875,000	318,970	1,165,170	87,276	134,704	2,581,120
Company						
Balance at 1 July 2006	-	-	-	-	-	-
Additions	-	-	21,172	-	-	21,172
Additions from business combinations (Note 7)	-	-	-	-	-	-
Depreciation for the year	-	-	(1,482)	-	-	(1,482)
Lease amortisation	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Others	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Balance at 30 June 2007	-	-	19,690	-	-	19,690
At 30 June 2007						
Cost or fair value	-	-	21,172	-	-	21,172
Accumulated depreciation	-	-	(1,482)	-	-	(1,482)
Carrying amount	-	-	19,690	-	-	19,690

Note 20: Property, plant and equipment cont.

(In AUD)	Land and Buildings $	Leasehold Improvements $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicle $	Total $
	Fair Value	Cost	Cost	Cost	Cost	
Consolidated Entity						
Balance at 1 July 2007	875,000	318,970	1,165,170	87,276	134,704	2,581,120
Additions	1,028	3,825	767,800	50,502	-	823,155
Additions from business combinations (Note 7)	1,495,826	-	3,752,338	165,923	30,614	5,444,701
Depreciation for the year	(33,410)	(12,331)	(424,039)	(113,029)	(36,935)	(619,744)
Lease amortisation	-	-	(9,534)	-	-	(9,534)
Impairment loss	-	-	(3,143,618)	(119,632)	(24,000)	(3,287,250)
Reclassification	-	(38,424)	(98,650)	82,058	55,016	-
Disposals	-	-	(4,723)	-	(13,438)	(18,161)
Transfer to assets held for sale	(1,275,975)	-	(707,345)	(11,964)	(2,400)	(1,997,684)
Effect of movements in exchange rates	(187,469)	(6,316)	(188,076)	(9,154)	(4,062)	(395,077)
Balance at 30 June 2008	875,000	265,724	1,109,323	131,980	139,499	2,521,526
At 30 June 2008						
Cost or fair value	875,000	290,646	2,099,526	173,387	211,902	3,650,461
Accumulated depreciation	-	(24,922)	(990,203)	(41,407)	(72,403)	(1,128,935)
Carrying amount	875,000	265,724	1,109,323	131,980	139,499	2,521,526
Company						
Balance at 1 July 2007						
Additions	-	-	19,690	-	-	19,690
Additions from business combinations (Note 7)	-	-	167,755	-	-	167,755
Depreciation for the year	-	-	-	-	-	-
Lease amortisation	-	-	(22,166)	-	-	(22,166)
Impairment loss	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Balance at 30 June 2008	-	-	165,279	-	-	165,279
At 30 June 2008						
Cost or fair value	-	-	188,927	-	-	188,927
Accumulated depreciation	-	-	(23,648)	-	-	(23,648)
Carrying amount	-	-	165,279	-	-	165,279

Note 20: Property, plant and equipment cont.

(In AUD)	Land and Buildings $	Leasehold Improvements $	Plant and Equipment $	Fixtures and Fittings $	Motor Vehicle $	Total $
Consolidated Entity						
Carrying amount						
At 1 July 2006	875,000	197,974	897,288	40,991	113,387	2,124,640
At 30 June 2007	875,000	318,970	1,165,170	87,276	134,704	2,581,120
At 1 July 2007	875,000	318,970	1,165,170	87,276	134,704	2,581,120
At 30 June 2008	875,000	307,510	1,067,537	131,980	139,499	2,521,526
Company						
Carrying amount						
At 01 July 2006	-	-	-	-	-	-
At 30 June 2007	-	-	19,690	-	-	19,690
At 01 July 2007	-	-	19,690	-	-	19,690
At 30 June 2008	-	-	165,279	-	-	165,279

Valuations of land and buildings

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2008 revaluation was based on an independent valuation of the property performed by Macquarie Bell Pty Limited registered property valuers dated 8 January 2006.

The property will continue to have periodic valuations, at least triennially, by the external independent valuer, less subsequent depreciation for buildings. The valuation of 30 June 2008 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 23). At 30 June 2008, the net carrying amount of leased plant and machinery was $12,777 (2007: $22,311).

Impairment loss

An impairment loss of $3,287,250 has been recognised in the Income Statements 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 21: Intangible assets

	Goodwill	Patents and Trademarks	Intellectual Property	Customer Relationships	Development Costs	Total
(In AUD)	$	$	$	$	$	$
Consolidated Entity						
Balance at 1 July 2006	1,457,990	1,223,984	897,000	440,123	-	4,019,097
Additions through business combinations (Note 7)	2,232,832	-	537,000	451,000	-	3,220,832
Capitalisation of project	-	-	-	-	600,849	600,849
Amortisation for the year	-	(153,833)	(562,664)	(148,521)	(11,638)	(876,656)
Balance at 30 June 2007	3,690,822	1,070,151	871,336	742,602	589,211	6,964,122
At 30 June 2007						
Cost	3,690,822	1,698,000	1,050,984	891,123	600,849	7,931,778
Accumulated amortisation and impairment	-	(627,849)	(179,648)	(148,521)	(11,638)	(967,656)
Carrying amount	3,690,822	1,070,151	871,336	742,602	589,211	6,964,122
Company						
Balance at 1 July 2006	-	-	-	-	-	-
Additions through business combinations (Note 7)	-	-	-	-	-	-
Capitalisation of project	-	-	-	-	-	-
Amortisation for the year	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
At 30 June 2007						
Cost	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-

Note 21: Intangible assets cont.

(In AUD)	Goodwill $	Patents and Trademarks $	Intellectual Property $	Customer Relationships $	Development Costs $	Total $
Consolidated Entity						
Balance at 1 July 2007	3,690,822	1,070,151	871,336	742,602	589,211	6,964,122
Additions through business combinations (Note 7)	11,756,239	-	1,940,820	-	-	13,697,059
Fair value adjustment on prior year acquisitions	(250,500)	180,000	-	70,500	-	-
Capitalisation of project	-	-	-	-	126,405	126,405
Impairment loss (Note 12(ii))	(12,135,627)	-	(2,012,238)	(293,415)	-	(14,441,280)
Amortisation for the year	-	(525,818)	(226,422)	(181,179)	(31,199)	(964,618)
Effect of movements in exchange rates	-	-	(233,394)	-	-	(233,394)
Balance at 30 June 2008	3,060,934	724,333	340,102	338,508	684,417	5,148,294
At 30 June 2008						
Cost	15,196,561	1,878,000	1,050,984	961,623	727,254	19,814,422
Accumulated amortisation and impairment	(12,135,627)	(1,153,667)	(710,882)	(623,115)	(42,837)	(14,666,128)
Carrying amount	3,060,934	724,333	340,102	338,508	684,417	5,148,294
Company						
Balance at 1 July 2007	-	-	-	-	-	-
Additions through business combinations (Note 7)	-	-	-	-	-	-
Fair value adjustment on prior year acquisitions	-	-	-	-	-	-
Capitalisation of project	-	-	-	-	-	-
Impairment loss (Note 12(ii))	-	-	-	-	-	-
Amortisation for the year	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
At 30 June 2008						
Cost	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-

Note 21: Intangible assets cont.

Amortisation and impairment charge

The amortisation is allocated as an expense to Administration expense.

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

Valuation of Identifiable Intangibles (at fair value)

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

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

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

Impairment testing for cash-generating units containing goodwill

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

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

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Inventis Limited	-	-
Gregory Commercial Furniture Pty Limited	1,381,758	1,381,758
Damba Furniture Pty Limited	1,183,500	1,535,216
Gregory Commercial Furniture (NZ) Limited	-	201,940
Inventis Technology Pty Limited	-	-
Opentec Solutions Pty Limited	-	76,232
Impart Special Products Pty Limited	495,676	495,676
	3,060,934	3,690,822

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

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

The carrying amounts of all other unit were determined to be lower than their recoverable amounts.

Note 21: Intangible assets cont.

The impairment losses recognised during the year are as follows:

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Impairment of goodwill		
Damba Furniture Pty Limited	101,216	-
Gregory Commercial Furniture NZ Limited	201,940	-
Opentec Solutions Pty Limited	76,232	-
Alpha Aviation Group (discontinued operation)	11,756,239	-
	12,135,627	-
Impairment of Intellectual Property		
Opentec Solutions Pty Limited	342,656	-
Alpha Aviation Group (discontinued operation)	1,669,582	-
	2,012,238	-
Impairment of customer relationships		
Opentec Solutions Pty Limited	293,415	-
	293,415	-
Total impairment losses	14,441,280	-

For details of the impairment loss in relation to the Alpha Aviation Group, refer to Notes 8 and 9.

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:

> Cash flows were projected based on the Management approved forecast for the financial year ending 30 June 2008 and cash flows for further 5 year period to 30 June 2013 were extrapolated using a constant growth rate. Cash flows for the final 4 years were adjusted downwards by a further discount for uncertainty of 5-10%.

> For *Gregory Commercial Furniture Pty Limited* revenue was projected in accordance with the first year of the Management forecast. The anticipated annual revenue growth included in the cash flow projections was 3.5% for the years 2008 to 2013 with inflation of 4.2% per annum.

> Price growth was assumed to be 3.5% per annum.

> Cost growth was considered to be 3.3%.

> A pre-tax discount rate of 10.47% (2007:11.88%) was applied in determining the recoverable amount of the units. The discount rate was estimated based on weighted average cost of capital for the Group, which was based on the 10 year Government Bonds yield, increased for industrial risk factors, the beta for the Group, and the cost of debt.

> For *Impart Special Products Pty Limited* revenue was projected in accordance with the first year of the Management forecast. The anticipated annual revenue growth included in the cash flow projections was 3.5% for the years 2008 to 2013 with inflation of 4.2% per annum.

> Price growth was assumed to be 3.5% per annum.

> Cost growth was considered to be 3.3%.

> Cash flows for a further 4 years were extrapolated based on a reduction of 5% in growth rate in each subsequent year.

> A pre-tax discount rate of 10.47% (2007:11.88%) was applied in determining the recoverable amount of the units. The discount rate was estimated based on weighted average cost of capital for the Group, which was based on the 10 year Government Bonds yield, as increased for industrial risk factors, the beta for the Group, and the cost of debt.

> For *Damba Furniture Pty Limited* revenue was projected in accordance with the first year of the Management forecast. The anticipated annual revenue growth included in the cash flow projections was 3.5% for the years 2008 to 2013 with inflation of 4.2% per annum.

Note 21: Intangible assets cont.

Impairment testing for cash-generating units containing goodwill cont.

> Price growth was assumed to be 3.5% per annum.

> Cost growth was considered to be 3.3%.

> A pre-tax discount rate of 10.47% (2007:11.88%) was applied in determining the recoverable amount of the units. The discount rate was estimated based on weighted average cost of capital for the Group, which was based on the 10 year Government Bonds yield, as increased for industrial risk factors, the beta for the Group and the cost of debt.

> For *Gregory Commercial Furniture (NZ) Limited* revenue was projected in accordance with the first year of the Management forecast. The anticipated annual revenue growth included in the cash flow projections was 3.5% for the years 2008 to 2013 with inflation at 4.2% per annum.

> Price growth was assumed to be 3.5% per annum.

> Cost growth was considered to be 3.3%.

> A pre-tax discount rate of 10.47% (2007:11.88%) was applied in determining the recoverable amount of the units. The discount rate was estimated based on weighted average cost of capital for the Group, which was based on the 10 year Government Bonds yield, as increased for industrial risk factors, the beta for the Group, and the cost of debt.

> For *Opentec Solutions Pty Limited* revenue was projected in accordance with the first year of the Management forecast. The anticipated annual revenue growth included in the cash flow projections was 3.5% for the years 2008 to 2013 with inflation at 4.2% per annum.

> Price growth was assumed to be 3.5% per annum.

> Cost growth was considered to be 3.3%.

> A pre-tax discount rate of 10.47% (2007:11.88%) was applied in determining the recoverable amount of the units. The discount rate was estimated based on weighted average cost of capital for the Group, which was based on the 10 year Government Bonds yield, as increased for industrial risk factors, the beta for the Group, and the cost of debt.

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 22: Trade and other payables

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Trade payables	3,557,697	4,329,293	423	183,955
Other trade payables	188,967	-	-	-
GST Payable	290,788	271,944	-	(35,298)
Non-trade payables and accrued expenses	2,073,526	930,698	449,999	177,197
Loans from subsidiaries (at call)	-	-	4,444,604	6,121,529
	6,110,978	5,531,935	4,895,026	6,447,383

The Groups exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 28.

Note 23: Interest bearing liabilities

This note provides information about the contractual terms of the Company's and Group's interest-bearing loans and borrowings. For more information about the Company's and Group's exposure to interest rate and foreign currency risk, see Note 28.

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Non-current liabilities				
Foreign Exchange Loan – Commercial Bill (NZ$)	372,543	571,378	372,543	571,379
Commercial Bill Line (AUD)	869,000	1,229,000	869,000	1,229,000
Finance lease liabilities	7,162	11,715	-	-
	1,248,705	1,812,093	1,241,543	1,800,379

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Current liabilities				
Current portion of Foreign Exchange Loan – Commercial Bill (NZ$)	101,458	114,839	101,458	114,839
Loans from key management personnel and their related parties	-	500,000	-	500,000
Commercial Bill Line (AUD)	360,000	360,000	360,000	360,000
Current portion of finance lease liabilities	5,603	10,596	-	-
Debtors finance facility	1,846,303	-	-	-
	2,313,364	985,435	461,458	974,839

(i) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2008		30 June 2007	
(In AUD)	Currency	Interest Rate	Year of Maturity	Face Value	Carrying Amount	Face Value	Carrying Amount
Consolidated							
Foreign exchange loan	NZD	9.70%	2012	474,001	474,001	638,794	591,370
Commercial bill line	AUD	9.00%	2012	1,229,000	1,229,000	1,589,000	1,589,000
Loan from key management personnel and their related parties	AUD	7.89%	2008	-	-	500,000	500,000
Finance lease liabilities	AUD	8.8%-12.32%	2012	14,672	12,765	24,308	22,311
Debtors financing facility	AUD	9.05%		1,846,303	1,846,303	-	-

Note 23: Interest bearing liabilities cont.

(i) Terms and debt repayment schedule cont.

				30 June 2008		30 June 2007	
(In AUD)	Currency	Interest Rate	Year of Maturity	Face Value	Carrying Amount	Face Value	Carrying Amount
Foreign exchange loan	NZD	9.70%	2012	474,001	474,001	638,794	591,370
Commercial bill line	AUD	9.00%	2012	1,229,000	1,229,000	1,589,000	1,589,000
Loan from associate	AUD	7.89%	2008	-	-	500,000	500,000

The Bank loans are secured by a fixed and floating charge over the Group's assets with a loan carrying amount of $1,703,001 (2007: $2,180,370).

(ii) Finance lease liabilities

The Group leases various plant and equipment with a carrying amount of $12,777 (2007: $22,311) 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:

	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
	2008	2008	2008	2007	2007	2007
(In AUD)	$	$	$	$	$	$
Consolidated Entity						
Less than one year	8,327	1,165	7,162	12,269	1,673	10,596
Between one and five years	6,345	742	5,603	12,039	324	11,715
More than five years	-	-	-	-	-	-
	14,672	1,907	12,765	24,308	1,997	22,311

Note 24: Operating leases

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

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Within one year	1,093,116	1,077,246	65,500	-
Later than one year but not later than five years	1,198,225	1,246,495	158,292	-
	2,291,341	2,323,741	223,792	-

The weighted average interest rate implicit in the leases is approximately 10.56% (2007: 9.25%).

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 2008 $1,100,976 (2007: $744,725) was recognised as an expense in the Income Statements in respect of operating leases.

Note 25: Employee benefits

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Current				
Liability for long service leave	446,263	357,871	-	69,386
Liability for annual leave	841,599	1,196,935	44,397	145,132
Total employee benefits – current	1,287,862	1,554,806	44,397	214,518
Non-current				
Liability for long-service leave	168,770	123,193	11,731	7,542
Total employee benefits – non-current	168,770	123,193	11,731	7,542

Note 26: Capital and reserves

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

	Share Capital	Revaluation Reserve	Foreign Currency Retranslation	Retained Earnings (Accumulated Losses)	Total Equity
(In AUD)	$	$	$	$	$
Consolidated Entity					
Balance at 1 July 2006	11,545,683	403,918	-	2,258,097	14,207,698
Total recognised income and expense	-	-	(4,680)	614,576	609,896
Issue of ordinary shares	6,673,376	-	-	-	6,673,376
Dividends to equity holders	-	-	-	(657,029)	(657,029)
Balance at 30 June 2007	18,219,059	403,918	(4,680)	2,215,644	20,833,941
Balance at 1 July 2007	18,219,059	403,918	(4,680)	2,215,644	20,833,941
Total recognised income and expense	-	-	(606,946)	(24,871,002)	(25,477,948)
Issue of ordinary shares	13,952,118	-	-	-	13,952,118
Cancellation of shares	(479,933)	-	-	-	(479,933)
Dividends to equity holders	-	-	-	-	-
New share issue costs	(334,642)	-	-	-	(334,642)
Balance at 30 June 2008	31,356,602	403,918	(611,626)	(22,655,358)	8,493,536

Note 26: Capital and reserves cont.

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

(In AUD)	Share Capital $	Revaluation Reserve $	Foreign Currency Retranslation $	Retained Earnings (Accumulated Losses) $	Total Equity $
Company					
Balance at 1 July 2006	20,482,112	-	-	184,652	20,666,764
Total recognised income and expense	-	-	-	(1,325,095)	(1,325,095)
Issue of ordinary shares	6,673,376	-	-	-	6,673,376
Dividends to equity holders	-	-	-	(657,029)	(657,029)
Balance at 30 June 2007	27,155,488	-	-	(1,797,472)	25,358,016
Balance at 1 July 2007	27,155,488	-	-	(1,797,472)	25,358,016
Total recognised income and expense	-	-	-	(23,093,263)	(23,093,263)
Issue of ordinary shares	13,952,118	-	-	-	13,952,118
Cancellation of shares	(479,933)	-	-	-	(479,933)
Dividends to equity holders	-	-	-	-	-
New share issue costs	(334,646)	-	-	-	(334,646)
Balance at 30 June 2008	40,293,027	-	-	(24,890,735)	15,402,292

The Company finalised the settlement of the acquired business and assets of Damba Furniture Limited in New Zealand and all the shares on issue in Damba Furniture Pty Limited in Australia on 1 April 2007. The total consideration for the acquisition of Damba was: The issue of 3,300,000 fully paid Inventis shares at an issue price of AU$0.55 per share. These shares were held in escrow for 12 months. On 27 May 2008, an agreement was reached to settle a warranty claim made against the vendors. This has resulted in the cancellation of 872,606 shares and a consequent reduction in the purchase price in the sum of $479,933.

(ii) Share capital

	Ordinary Shares	
	2008	2007
On issue at the beginning of the year	79,799,253	65,702,865
Issue of ordinary shares	34,065,500	14,096,388
Cancellation of ordinary shares	(872,606)	-
On issue at the end of the year – fully paid	112,992,147	79,799,253

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

No share options have been issued.

(iii) Translation reserve

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

(iv) Revaluation reserve

The revaluation reserve relates to the revaluation of property.

Note 26: Capital and reserves cont.

(v) Dividends

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

(vi) Dividend franking account

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $1,665,332 (2007: $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 27: (Loss)/earnings per share

(i) Basic (loss)/earnings per share

The calculation of basic loss per share at 30 June 2008 was based on the losses attributable to ordinary shareholders of $24,871,002 (2007: profit of $614,576) and a weighted average number of ordinary shares outstanding of 112,890,255 (2007: 67,400,848). The calculation of basic loss per share for continuing operations at 30 June 2008 was based on the losses attributable to ordinary shareholders for continuing operations of $1,802,743 (2007: profit of $614,576).

(ii) Weighted average number of ordinary shares

	Consolidated Entity	
	2008	2007
Issued ordinary shares at beginning of the period	79,799,253	65,702,865
Effect of shares issued	33,091,002	1,697,983
Weighted average number of ordinary shares at end of the period	112,890,255	67,400,848

(iii) Diluted earnings per share

The calculation of diluted loss per share at 30 June 2008 was based on the losses attributable to ordinary shareholders of $24,871,002 (2007: profit of $614,576) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 112,890,255 (2007: 67,400,848). The calculation of diluted loss per share for continuing operations at 30 June 2008 was based on the losses attributable to ordinary shareholders for continuing operations of $1,802,743 (2007: profit of $614,576).

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

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Net (loss)/profit attributable to ordinary shareholders (basic)	(24,871,002)	614,576
Net (loss)/profit attributable to ordinary shareholders (diluted)	(24,871,002)	614,576

Note 27: (Loss)/earnings per share cont.

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

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Net (loss)/profit from continuing operations attributable to ordinary shareholders (basic)	(1,802,743)	614,576
Net (loss)/profit from continuing operations attributable to ordinary shareholders (diluted)	(1,802,743)	614,576

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

	Consolidated Entity	
	2008	2007
(In AUD)	$	$
Weighted average number of ordinary shares (basic)	112,890,255	67,400,848
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	112,890,255	67,400,848

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

Note 28: Financial instruments

(i) Credit Risk

Exposure to credit risk

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

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Cash and cash equivalents	15	354,732	1,444,968	35,712	147,294
Trade and other receivables	16	7,067,857	7,462,362	6,047,287	13,966,924
Other financial assets	18	-	4,895,543	-	4,895,543
		7,422,589	13,802,873	6,082,999	19,009,761

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

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Australia		6,481,898	6,554,097	(88)	-
New Zealand		461,788	746,435	1,891	1,911
Other		276,125	110,452	-	-
	16	7,219,811	7,410,984	1,803	1,911

Note 28: Financial instruments cont.

(i) Credit risk cont.

Exposure to credit risk cont.

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

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
End user customer		5,199,045	5,545,815	1,803	1,911
Distributors		1,338,271	606,445	-	-
Government		682,495	1,258,724	-	-
	16	7,219,811	7,410,984	1,803	1,911

The Group has two significant customers, an Australian distributor and end-user customer, which accounted for $2,225,938 of the trade receivables as at 30 June 2008 (2007:$1,485,979).

The Company has a minimal exposure to credit risk for receivables as at reporting date the total value was $1,803 (2007: $1,911).

(ii) Impairment losses

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

	Gross	Impairment	Gross	Impairment
	2008	2008	2007	2007
(In AUD)	$	$	$	$
Consolidated Entity				
Current	3,084,324	-	4,067,230	-
Past due 30 days	2,964,528	-	2,247,842	-
Past due 60 days	537,703	-	493,838	-
Past due 90 days and over	633,256	251,673	602,074	32,418
	7,219,811	251,673	7,410,984	32,418
Company				
Current	62	-	-	-
Past Due 30 days	-	-	-	
Past due 60 days	1,165	-	-	-
Past due 90 days and over	576	-	1,911	-
	1,803	-	1,911	-

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

	2008	2007
(In AUD)	$	$
Balance 1 July	32,418	-
Impairment loss recognised	219,255	32,418
Balance at 30 June	251,673	32,418

Included in the impairment loss provision of $251,673 is $244,700 which relates primarily to two customers who have outstanding amounts and has been determined after a specific review of all outstanding amounts greater than 90 days taking into account any likely debtors insurance claims. One customer has ongoing product issues that are being addressed and the second customer is located overseas.

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

Note 28: Financial instruments cont.

(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		Company	
	NZD	USD	NZD	USD
30 June 2008				
Trade receivables	503,850	140,338	1,891	-
Secured bank loan	(474,001)	-	(474,001)	-
Trade payables	(612,984)	(721,534)	-	-
Net exposure	(583,135)	(581,196)	(472,110)	-
Estimated forecast sales	-	3,450,285	-	-
Estimated forecast purchases	(1,008,000)	(4,178,930)	-	-
Gross exposure	(1,591,135)	(1,309,841)	(472,110)	-
30 June 2007				
Trade receivables	744,164	112,723	1,911	-
Secured bank loan	(686,218)	-	(686,218)	-
Trade payables	(613,448)	(521,043)	-	-
Net exposure	(555,502)	(408,320)	(684,307)	-
Estimated forecast sales	-	1,950,285	-	-
Estimated forecast purchases	(784,224)	(3,428,930)	-	-
Gross exposure	(1,339,726)	(1,886,965)	(684,307)	-

The following significant rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2008	2007	2008	2007
	$	$	$	$
NZD 1.00 = AUD	0.8570	0.8718	0.7926	0.9090
USD 1.00 = AUD	1.1156	1.2716	1.0388	1.1780

Sensitivity analysis

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

	30 June 2008		30 June 2007	
	Equity	Profit or Loss	Equity	Profit or Loss
(In AUD)	$	$	$	$
Consolidated Entity				
NZD	997,510	1,098,892	(96,333)	10,076

There was no effect on the Company for either 2008 or 2007.

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

Note 28: Financial instruments cont.

(iv) Interest rate risk

Profile

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

	Consolidated Entity		Company	
	Carrying Amount		Carrying Amount	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Fixed rate Instruments				
Financial assets:				
Cash and cash equivalents	354,732	1,444,968	35,712	147,294
Trade debtors and other receivables	7,067,856	7,462,362	6,047,287	13,966,924
Other financial assets	-	4,895,543	-	4,895,543
	7,422,588	13,802,873	6,082,999	19,009,761
Financial liabilities:				
Trade and other payables	(6,110,978)	(5,531,935)	(4,895,026)	(6,447,383)
Loan from key management personnel and their related parties	-	(500,000)	-	(500,000)
Finance lease liabilities	(12,765)	(22,311)	-	-
	(6,123,743)	(6,054,246)	(4,895,026)	(6,947,383)
	1,298,845	7,748,627	1,187,973	12,062,378
Variable rate instruments				
Financial liabilities:				
Debtors financing facility	(1,846,303)	-	-	-
Commercial bill line	(1,229,000)	(1,589,000)	(1,229,000)	(1,589,000)
Secured bank loans	(474,001)	(591,370)	(474,001)	(591,370)
	(3,549,304)	(2,180,370)	(1,703,001)	(2,180,370)

Fair value sensitivity analysis for fixed rate instruments

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

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points on the interest rates charged would have increased/(decreased) the profit and loss by the amounts shown below which is also the net cash flow affect. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Consolidated Entity		Company	
	Profit and Loss		Profit and Loss	
	Increase	Decrease	Increase	Decrease
	100bp	100bp	100bp	100bp
(In AUD)	$	$	$	$
30 June 2008				
Variable rate instruments	(27,787)	27,787	(18,798)	18,798
30 June 2007				
Variable rate instruments	(4,391)	4,391	(4,391)	4,391

Note 28: Financial instruments cont.

(v) Effective interest rates and repricing analysis

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

	Average Interest Rate	Total	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
(In AUD)	$	$	$	$	$	$	$
Consolidated Entity							
2008							
Fixed rate instruments							
Loan from key management personnel and their related parties	7.89%	-	-	-	-	-	-
Finance lease liabilities	10.56%	12,765	3,870	3,292	5,603	-	-
		12,765	3,870	3,292	5,603	-	-
Variable rate instruments							
Commercial bill line	7.73%	1,229,000	180,000	180,000	360,000	509,000	-
NZ secured bank loans	9.67%	474,001	50,729	50,729	101,458	271,085	-
Debtors financing facility	9.05%	1,846,303	1,846,303	-	-	-	-
		3,549,304	2,077,032	230,729	461,458	780,085	-
2007							
Fixed rate instruments							
Loan from key management personnel and their related parties	7.89%	500,000	500,000	-	-	-	-
Finance lease liabilities	10.56%	22,311	5,173	5,424	11,714	-	-
		522,311	505,173	5,424	11,714	-	-
Variable rate instruments							
Commercial bill line	8.05%	1,589,000	180,000	180,000	360,000	869,000	-
NZ secured bank loans	9.06%	591,370	57,420	57,420	114,839	361,691	-
Debtors financing facility	-	-	-	-	-	-	-
		2,180,370	237,420	237,420	474,839	1,230,691	-

Note 28: Financial instruments cont.

(v) Effective interest rates and repricing analysis cont.

(In AUD)	Note	Interest Rate $	Average Total $	6 Months or Less $	6-12 Months $	1-2 Years $	2-5 Years $	More than 5 Years $
Company								
2008								
Fixed rate instruments								
Loan from key management personnel and their related parties	26(iii)	7.89%	-	-	-	-	-	-
		-	-	-	-	-	-	-
Variable rate instruments								
NZ secured bank loans		9.67%	474,001	50,729	50,729	101,458	271,085	-
Commercial bill line		7.73%	1,229,000	180,000	180,000	360,000	509,000	-
			1,703,001	230,729	230,729	461,458	780,085	-
2007								
Fixed rate instruments								
Loan from key management personnel and their related parties	26(iii)	7.89%	500,000	500,000	-	-	-	-
			500,000	500,000	-	-	-	-
Variable rate instruments								
NZ Secured bank loans		9.06%	591,370	57,420	57,420	114,839	361,691	-
Commercial bill line		8.05%	1,589,000	180,000	180,000	360,000	869,000	-
			2,180,370	237,420	237,420	474,839	1,230,691	-

(vi) Fair values

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

	2008		2007	
(In AUD)	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Trade and other receivables	7,067,857	7,067,857	7,462,362	7,462,362
Cash and cash equivalents	354,732	354,732	1,444,968	1,444,968
Secured bank loans	(1,703,001)	(1,703,001)	(2,180,370)	(2,180,370)
Finance lease liabilities	(12,765)	(12,765)	(22,311)	(22,311)
Loan from associate	-	-	(500,000)	(500,000)
Debtors financing facility	(1,846,303)	(1,846,303)	-	-
Trade and other payables	(6,110,978)	(6,110,978)	(5,531,935)	(5,531,935)

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

Note 28: Financial instruments cont.

(vii) Estimation of fair values

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

(viii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 30 June 2008 plus an adequate constant credit spread, and are as follows:

	2008	2007
Loans and borrowings	7.15% - 10.01%	7.89% - 9.06%
Leases	8.80% - 12.32%	8.80% - 12.32%

Note 29: Capital and other commitments

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Capital expenditure commitments within twelve months	75,000	11,018,853	75,000	-

The only capital commitment at 30 June 2008 is $75,000 for fit-out alterations at the Group's Box Road head office.

In 2007 the Company committed to acquire all shares in Alpha Aviation Limited and issue 27,547,133 ordinary IVT shares as consideration. The issue price of 40 cents per share implied an acquisition price for the Alpha Aviation shares of $11,018,853.

Note 30: 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

Barry Colman (21 January 2008 to 30 March 2008)

Denis Pidcock (Appointed 13 May 2008)

Ian Winlaw (Chairperson)

Graeme Edwards (Chairperson) (Resigned 13 May 2008) (Appointed As Alternate Director to Antony Mark Turnbull on 30 March 2008)

Antony Mark Turnbull (Appointed 30 March 2008)

Executive Directors

Robyn Himmelberg (Resigned 13 March 2008)

David Richards (Resigned on 17 April 2007) (Appointed as Alternate Director and resigned on 5 September 2008)

Tony Noun (Managing Director)

Richard Sealy (Resigned 13 March 2008)

Executives

Alfred Kobylanski (Appointed CFO 8 October 2007)

Robyn Himmelberg (Appointed GM Inventis Technology 13 March 2008)

Linda Barrett (Appointed GM Furniture Division 17 March 2008)

Renuka Bhardwaj (Company Secretary)

Tim Whiteside (Resigned 6 December 2007)

Note 30: Related parties cont.

(i) Key management personnel compensation

The key management personnel compensation included in ‘personnel expenses’ (see Note 12(i)) is as follows:

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Short-term employee benefits	1,409,727	1,207,406	913,366	955,701
Other long term benefits	17,922	25,444	-	19,169
Post-employment benefits	96,201	78,979	55,938	61,843
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	1,523,850	1,311,829	969,304	1,036,713

(ii) Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors’ Report on pages 63 to 68.

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

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

Details regarding loans outstanding at the reporting date to key management personnel and their related parties are as follows:

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
THN Pty Limited – A company associated with Tony Noun	-	500,000	-	500,000
	-	500,000	-	500,000

On 1 May, 2007 the Company entered into a short term Funding Facility Agreement with THN Pty Limited a company associated with Mr Tony Noun for an amount of up to $500,000 at a rate similar to that offered to the Company by Westpac Banking Corporation plus a 1% margin.

On 4 August, 2007 the Company repaid the short term Funding Facility Agreement with THN Pty Limited for an amount of $500,000 and interest of $10,288.

(iv) Other key management personnel transactions

The Company paid rent of $108,003 (2007: $96,000) to entities associated with Mr David Richards and Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the electronic products business.

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

The Company in 2007 used the consulting services of Richard Sealy in relation to the creation of the Fund Raising Prospectus dated 16th May 2007. Amounts of $88,571 were billed based on normal market rates for such services and were due and payable under normal payment terms.

Note 30: Related parties cont.

(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 2007	Purchases	Received on Exercise of Options	Sales/ Transfers	Held at 30 June 2008
Directors					
Graeme Edwards	4,100,000	3,251,648	-	-	7,351,648
Tony Noun	12,961,996	10,543,897	-	22,555,893*	950,000
Richard Sealy	2,488,150	2,045,655	-	-	4,533,805
Robyn Himmelberg	10,259,973	32,000	-	-	10,291,973
David Richards	10,259,983	32,000	-	-	10,291,983
Ian Winlaw	50,000	-	-	-	50,000
Barry Colman	9,333,000	5,166,383	-	-	14,499,383

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

	Held at 1 July 2006	Purchases	Received on Exercise of Options	Sales/ Transfers	Held at 30 June 2007
Directors					
Graeme Edwards	2,183,333	1,916,667	-	-	4,100,000
Tony Noun	11,265,833	1,696,163	-		12,961,996
Richard Sealy	1,888,150	600,000	-	-	2,488,150
Robyn Himmelberg	10,259,973	-	-	-	10,259,973
David Richards	10,259,983	-	-	-	10,259,983
Ian Winlaw	-	50,000	-	-	50,000
Barry Colman	3,333,000	6,000,000	-	-	9,333,000

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 2008	Purchases	Received on Exercise of Options	Sales/ Transfers	Held on 8 Sept 2008
Directors					
Graeme Edwards	7,351,648	-	-	-	7,351,648
Tony Noun	950,000	-	-	-	950,000
Richard Sealy	4,533,805	-	-	-	4,533,805
Robyn Himmelberg	10,291,973	41,000	-	(291,540)**	10,041,433
David Richards	10,291,983	41,000	-	(291,540)**	10,041,443
Ian Winlaw	50,000	-	-	-	50,000
Barry Colman	14,499,383	-	-	-	14,499,383

**The related party interests for Robyn Himmelberg and David Richards changed after 30 June 2008.

Note 30: Related parties cont.

(vi) Non-key management personnel disclosures

Subsidiaries

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

The following balances were included as amounts due from/(to) other Group Entities:

Tax consolidation legislation

	Company	
	2008	2007
(In AUD)	$	$
Gregory Commercial Furniture Pty Limited	901,023	196,549
Damba Furniture Pty Limited	8,095	5,004
Inventis Technology Pty Limited	615,960	446,416
Impart Special Products Pty Limited	126,788	-
	1,651,866	647,969
Opentec Solutions Pty Limited	(250,971)	(162,710)
Impart Special Products Pty Limited	-	(45,062)
Vibe Pty Limited	(62,201)	-
Real Credentials Pty Limited	(7,194)	(7,194)
	(320,366)	(214,966)
	1,331,500	433,003

Loan to/from related parties

	Company	
	2008	2007
(In AUD)	$	$
Receivable		
Gregory Commercial Furniture Pty Limited	4,284,658	12,214,084
Inventis Technology Pty Limited	-	1,013,167
Opentec Solutions Pty Limited	-	264,046
Gregory Commercial Furniture NZ Limited	40,777	-
Impart Special Products Pty Limited	40,714	40,714
	4,366,149	13,532,011

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

Loan to/from related parties

	Company	
	2008	2007
(In AUD)	$	$
Payable		
Gregory Commercial Furniture Pty Limited	-	3,064,215
Inventis Technology Pty Limited	3,748,397	2,801,785
Damba Pty Limited	240,000	-
Vibe Pty Limited	99,559	-
Opentec Solutions Pty Limited	36,282	2,475
	4,124,238	5,868,475

Note 30: Related parties cont.

(vi) Non-key management personnel disclosures cont.

Other Transactions

	Company	
	2008	2007
(In AUD)	$	$
Other transactions related to purchase of subsidiary	-	73,356

Management fees charged to subsidiary

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Gregory Commercial Furniture Pty Limited	-	-	268,998	217,233
Inventis Technology Pty Limited	-	-	143,578	188,914
Impart Special Products Pty Limited	-	-	42,483	40,714
	-	-	455,059	446,861

(vii) Transactions with other related parties

During the year, the Group acquired the Alpha Aviation Group from parties that included companies associated with the following Directors of Inventis Limited – Mr Tony Noun, Mr Barry Colman, Mr Graeme Edwards and Mr Richard Sealy. The purchase consideration was $11,018,853 which was settled by the issue of shares. For further information with regards to this acquisition see Notes 7, 8 and 9.

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

Note 31: 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.

			% Interest	
	Significant Subsidiaries	Country of Entity	2008	2007
Parent Entity				
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
InventisTechnology Pty Limited (formerly PNE Electronics Pty Limited)	Impart Special Products Pty Limited	Australia	100	100
Gregory Commercial Furniture Pty Limited	Damba Furniture Pty Limited	Australia	100	100
Inventis (NZ) Limited	Gregory Commercial Furniture (NZ) Limited	New Zealand	100	100
	Alpha Aviation Limited	New Zealand	100	0
Alpha Aviation Limited (under receivership)	Alpha Aviation Investments Limited	New Zealand	100	0
	Alpha Aviation Design Limited	New Zealand	100	0
	Alpha Aviation Manufacturing Limited	New Zealand	100	0
	Alpha Aviation Marketing Limited	New Zealand	100	0
	Alpha Aviation Leasing Limited	New Zealand	100	0
	Alpha Aviation Property Limited	New Zealand	100	0
	A&CL Properties (2005) Limited	New Zealand	100	0

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

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

Note 32: Subsequent events

Inventis Technology Pty Limited, one of the subsidiaries of the Company entered into a contract with a company to develop and provide electronics and in consideration Inventis Technology Pty Limited will hold 7% of its paid up share capital.

Other than the matter discussed above, 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 33: Auditors' remuneration

	Consolidated Entity		Company	
	2008	2007	2008	2007
(In AUD)	$	$	$	$
Audit services				
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	394,136	111,715	239,672	111,715
KPMG Overseas:				
Audit and review of financial reports	69,591	-	-	-
	463,727	111,715	239,672	111,715
Other auditors:				
Audit and review of financial reports	-	59,234	-	59,234
	463,727	170,949	239,672	170,949
Other services				
Auditors of the Company				
KPMG Australia:				
Other assurance services	-	75,845	-	75,845
Other auditors:				
Other assurance and taxation services	-	72,220	-	72,220
	-	148,065	-	148,065
Total auditors remuneration	463,727	319,014	239,672	319,014

Note 34: Reconciliation of (loss)/profit after income tax to net cash (outflow)/inflow from operating activities

		Consolidated Entity		Company	
	Note	2008	2007	2008	2007
(In AUD)		$	$	$	$
Cash flow from operating activities					
Operating (loss)/profit after tax		(24,871,002)	614,576	(23,093,263)	(1,325,094)
Adjustment for non-cash item:					
Depreciation	20	619,744	301,686	22,166	1,482
Amortisation of leased assets	20	9,534			
Amortisation of intangible assets	21	964,618	876,656	-	-
Net interest income/(costs)	13	348,147	(65,378)	215,792	1,959
Unrealised foreign exchange gains	13	(110,219)	-	(110,219)	-
(Gain)/loss on sale of property, plant and equipment		(792)	19,103	-	-
Impairment losses on goodwill	21	12,135,627	-	-	-
Impairment losses on other assets	12	9,578,127	-	21,589,731	-
Income tax benefit	14	(885,019)	(305,283)	(1,179,575)	(656,604)
Operating (loss)/profit before changes in working capital		(2,211,235)	1,441,360	(2,555,368)	(1,978,257)
Decrease/(increase) in trade and other receivables		921,670	(633,307)	(27,359)	(1,911)
Decrease/(increase) in prepayment		565,987	(561,931)	305,712	(68,299)
Increase in inventories		(449,733)	(335,043)	-	-
Decrease/(increase) in trade and other payables		(1,008,138)	(1,329,827)	124,567	(351,399)
Decrease/(increase) in employee benefits		(333,897)	209,689	(165,933)	222,060
Interest received		61,506	112,020	25,441	33,098
Less: Interest paid		(409,655)	(46,642)	(241,233)	(35,057)
Less: Income tax (paid)/refund		24,595	(126,899)	24,595	356,121
Net cash (outflow)/inflow from operating activities		(2,838,900)	(1,270,580)	(2,509,578)	(1,823,644)

DIRECTORS' DECLARATION

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

(a) The financial statements and Notes and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 57 to 131, are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and

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

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

(c) The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the Directors:

Ian Winlaw
Chairman

Tony Noun
Managing Director

Dated at Sydney 29 day of September 2008.

Independent auditor's report to the members of Inventis Limited

Report on the financial report

We have audited the accompanying financial report of Inventis Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 34 and the directors' declaration set out on pages **71** to **132** of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

KPMG

Basis for qualified auditor's opinions

As noted in Notes 8 and 9 of the financial report, during the year, the Alpha Aviation Group of companies ("Alpha Aviation"), being wholly-owned subsidiaries of the Company, were placed into voluntary liquidation and receivership. As a result, certain key management and financial personnel responsible for financial and accounting matters were not available to discuss the financial affairs of Alpha Aviation and the accounting records were not adequate to permit the application of appropriate auditing procedures. Accordingly, it was not possible to obtain all the information necessary to complete our audit of Alpha Aviation relating to its performance and cash flows for the year-ended 30 June 2008 and its financial position at 30 June 2008.

Had we been able to complete our audit of Alpha Aviation, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2008 financial report and remuneration report.

Qualified auditor's opinion

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

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

   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in paragraph 9 of the directors' report for the year ended 30 June 2008. 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

In our opinion, except for the effects of adjustments to the remuneration report relating to Alpha Aviation, if any, as might have been determined to be necessary had it not been for the situation described in the qualification paragraph above, the remuneration report of Inventis Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney
29 September 2008

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

1. Shareholdings (as at 8 September 2008)

(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	21,900,000
Colman Securities Limited	14,499,383
William Jon Drayton and Associates	10,061,433
David Richards and Associates	10,041,443
Robyn Himmelberg and Associates	10,041,433
Mozart Nominees Limited	7,351,648

(b) Voting rights

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

(c) Number of equity security holders

Category	Ordinary shares
1 - 1,000	24
1,001 - 5,000	141
5,001 - 10,000	72
10,000 - 100,000	103
100,000 and over	58

The number of shareholders holding less than a marketable parcel of ordinary shares is 172.

(d) 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.

(e) Twenty largest shareholders

Name	No of Ordinary Shares Held	%
REN Nominees Pty Limited	21,400,000	18.94
Colman Securities Limited	14,499,383	12.83
Draycom Investments Pty Limited	9,215,783	8.16
Mozart Nominees Limited	7,320,514	6.48
Baldman Investments Pty Limited	7,034,810	6.23
Bungan Nominees Pty Limited	4,800,000	4.25
Himmelberg Investments Pty Limited	4,360,567	3.86
Izard Pacific Aviation Limited	3,500,464	3.10
Hammersmith Holdings Limited	3,382,138	2.99
Six Investments Pty Limited	3,283,423	2.91
Himmelberg Investments Limited	2,674,233	2.37
Wyindie Holdings Limited	1,932,913	1.71
Societe C E A P R	1,915,258	1.70
Mrs Robyn Himmelberg	1,889,433	1.67
Mr David Alexander Richards	1,889,433	1.67
Ms Anna Nathan and Mr Michael Benjamin	1,373,286	1.22
Forbar Custodians Limited	1,000,000	0.89
Sealy Investmetns Pty Limited	951,667	0.84
Rimelton Pty Limited	825,650	0.73
Brian Paul Hermann and John Charles Erkkila	796,388	0.70

(f) Offices and officers

Ian Winlaw, Chairperson

Tony H Noun, Managing Director

Antony Mark Turnbull, Non-Executive Director

Denis Pidcock, Non-Executive Director

Alfred Kobylanski, Chief Financial Officer

Linda Barrett, General Manager, Furniture Division

Robyn Himmelberg, General Manager, Technology Division

(g) Company Secretary

Renuka Bhardwaj, Company Secretary

CORPORATE DIRECTORY

Principal Registered Office

Inventis Limited
Suite 12, 1 Box Road
Caringbah NSW 2229

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

Locations of Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone: +61 3 9415 4000
Facsimile: +61 3 9473 2500

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Solicitors

DLA Phillips Fox
201 Elizabeth Street
Sydney NSW 2000

Designed by Pat and Mouse Computer Graphics 0402116304

Inventis: we are making the necessary change for a better future and to improve shareholder value.

Inventis Limited
www.inventis.com.au