

Rules 4.2A.3

Appendix 4D

Half yearly report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half-Year Year Ended	31 December 2007
Previous Corresponding Reporting Period	31 December 2006

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	20,922,083	49.2%
Loss from continuing operations after tax attributable to members	(23,455,593)	N/A
Net Loss for the period attributable to members	(23,455,593)	N/A
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable.	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
<p>The percentage increase for Revenue compared to the previous corresponding period is impacted by the acquisition of Alpha Aviation Limited and its controlled entities. In addition, the results for Damba Furniture Pty Ltd and Gregory Commercial Furniture (NZ) Limited that were acquired subsequent to the previous corresponding period have been included for the first time.</p> <p>The loss for the year has been significantly impacted by the write-down of assets and intangibles relating to the liquidation of the Alpha Aviation group of companies as detailed in the attached interim financial report.</p>		

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

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	4 cents	12 cents

Control Gained Over Entities Having Material Effect

Name of entities	Alpha Aviation Limited, Alpha Aviation Manufacturing Limited, Alpha Aviation Marketing Limited, Alpha Aviation Leasing Limited, Alpha Aviation Design Limited, Alpha Aviation Property Limited, Alpha Aviation Investments Limited and A&CL Properties (2005) Limited
Date control gained	02/07/2007
Loss from continuing operations since the date in the current period on which control was acquired:	\$ (in AUD)
- Operating loss for the period	(2,587,083)
- Impairment of assets	(9,229,717)
Total loss after tax	<u>(11,816,800)</u>
Loss from continuing operations of the controlled group of entities for the whole of the previous corresponding period (Pre-acquisition)	\$ (in AUD) (2,654,244)

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
Not Applicable.			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
<i>Extract from the independent auditors review report:</i>			
Basis of qualified conclusion			
As noted in Note 7 of the financial report, subsequent to balance date, the Alpha Aviation Group of companies ("Alpha"), being wholly-owned subsidiaries of the company, were placed into liquidation and receivership. As a result of Alpha being placed into liquidation and receivership, certain key management and financial personnel responsible for the financial and accounting matters were not available to discuss the financial affairs of Alpha. Accordingly, it was not possible to obtain all the information necessary to complete our review of Alpha relating to its performance for the half-year ended 31 December 2007 and its financial position at 31 December 2007.			
Had we been able to complete our review of Alpha, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2007 financial report.			
Qualified conclusion			
Except for the adjustments, if any, to the 31 December 2007 half-year financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the Corporations Act 2001, including:			
(a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and			
(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By	
 Ian Winlaw <i>Chairman</i>	 Tony Noun <i>Managing Director</i>
Dated this 1st day of March 2008	

Inventis Limited

ABN 40 084 068 673

and its controlled entities

31 December 2007

Interim Financial Report

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DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2007 and the review report thereon.

Directors

The names of persons who were directors of Inventis Limited during the whole of the half-year and up to the date of this report are:

- Graeme Edwards
- Robyn Himmelberg
- Tony Noun
- Richard Sealy
- Ian Winlaw
- Barry Colman (Alternate Director, Appointed Director 21 January 2008)
- David Richards (Alternate Directors)

Review of Operations

The Directors of Inventis Limited report on the results of the financial period ending 31 December 2007 as follows:

Overview

The period under review was a difficult one for the group. Continued expansion of the furniture and technology divisions was overshadowed by the challenges of the newly acquired aviation division.

	<i>31 Dec 2007</i>	<i>31 Dec 2006</i>	
<i>Sales:</i>	<i>\$m</i>	<i>\$m</i>	<i>% change</i>
Commercial Furniture	13.6	7.6	
Technology	7.0	7.0	
Aviation	1.2	-	
Eliminations	(0.9)	(0.6)	
TOTAL	20.9	14.0	49.2%
<i>Net profit / (loss):</i>			
Commercial Furniture	0.2	0.6	
Technology	0.5	0.7	
Aviation - trading	(2.6)	-	
Impairment charges - Aviation	(20.9)	-	
- Other	(0.3)	-	
Group net costs	(0.4)	(1.4)	
TOTAL	(23.5)	(0.1)	

A commentary on the three divisions is set out below:

Technology Division

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

Inventis Technology revenue was \$7.0 million for this half year. This is 5.6% above the same period last year. It is anticipated that sales for the Inventis Technology Division will reach \$18 million for the full year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for this period is \$1,143,356 compared to \$733,849 for the same period last year. The anticipated EBITDA for the full year is \$2.9 million.

Furniture Division

The Commercial Furniture Division's revenue was \$12.8 million for the first half of the financial year. This is 68.3% above the same period last year. With the second half of the year being traditionally better than the first half, the Commercial Furniture Division is anticipated to reach \$28 million revenue for the full year. EBITDA is

DIRECTORS' REPORT (Contd.)

\$0.6 million, compared to \$1.1 million for the same period last year. EBITDA for the full year is expected to be \$3.4 million.

Linda Barrett has been appointed as General Manager with effect 18 March 2008. Linda brings to Gregory Commercial Furniture extensive experience in product design and development, local and international sourcing, merchandise planning, supply chain and logistics, together with a strong sales and marketing background.

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 2 July to 21 January 2008, Inventis provided \$4.5million in financial assistance to assist it with its productivity program.

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 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 doing so profitably.

Financial Review

The Group's sales for the period ended 31 December 2007 were \$21 million which was \$6.9 million above last year.

The Group's Net Loss after Tax for the period was \$23.5 million (6 months ended 31 December 2006: \$0.1 million Loss) which included a write down for the assets of Alpha Aviation of \$9.2 million, impairment of goodwill for Alpha Aviation of \$11.7 million and Alpha Aviation operating losses of \$2.6 million for the 6 month period ended 31 December 07.

Dividends

The Directors do not recommend the payment of a dividend.

Auditor's Independence Declaration

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

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



Tony Noun
Managing Director

SYDNEY, This 1st day of March 2008.



Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The directors of Inventis Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007, there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Carlo Pasqualini
Partner

Sydney

1 March 2008

Inventis Limited
Consolidated Interim Income Statement
For the half year ended 31 December 2007

	Note	31 Dec 2007 \$	31 Dec 2006 \$
<hr/>			
Continuing Operations			
Revenue		20,922,083	14,022,685
Cost of sales		(12,041,628)	(7,605,241)
Gross profit		8,880,455	6,417,444
Other income		64,327	97,422
<hr/>			
Less expenses			
Manufacturing and operations		(3,363,280)	(2,216,164)
Engineering and quality assurance		(1,092,862)	(764,868)
Administration	2	(25,330,766)	(2,261,276)
Sales and marketing		(2,993,756)	(1,501,854)
Total expenses		(32,780,664)	(6,744,162)
<hr/>			
Loss from operating activities		(23,835,882)	(229,296)
Financial income		38,013	86,585
Financial expenses		(179,953)	(1,518)
Net financing (costs)/income		(141,940)	85,067
<hr/>			
Loss before income tax		(23,977,822)	(144,229)
Income tax benefit		522,229	43,434
<hr/>			
Loss for the period		(23,455,593)	(100,795)
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Loss per share			
Basic loss per share		(0.215)	(0.002)
Diluted loss per share		(0.215)	(0.002)

The condensed notes on pages 9 to 19 are an integral part of these consolidated interim financial statements.

Inventis Limited
Consolidated Interim Statement of Recognised Income and Expense
For the half year ended 31 December 2007

	Note	31 Dec 2007 \$	31 Dec 2006 \$
Foreign currency translation differences for foreign operations		(21,768)	-
Other		(49,350)	-
Income and expense recognised directly in equity		(71,118)	-
Loss for the period		(23,455,593)	(100,795)
<hr/>			
Total recognised income and expense for the period	10	(23,526,711)	(100,795)
Attributable to:			
Equity holders of the Company		(23,526,711)	(100,795)
Minority interest		-	-
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Total recognised income and expense for the period	10	(23,526,711)	(100,795)

The condensed notes on pages 9 to 19 are an integral part of these consolidated interim financial statements.

Inventis Limited
Consolidated Interim Balance Sheet
As at 31 December 2007

	Note	31 Dec 2007 \$	30 June 2007 \$
Assets			
Cash and cash equivalents		1,257,242	1,444,968
Trade and other receivables		7,726,758	8,186,107
Inventories		6,881,037	5,642,159
Other financial assets		378,648	4,895,543
Property, plant and equipment	3	2,290,954	-
Current tax assets		243,187	108,752
Total current assets		18,777,826	20,277,529
Non-current assets			
Property, plant and equipment		2,422,571	2,581,120
Other financial assets		68,595	-
Deferred tax assets		2,120,310	1,803,566
Goodwill	4	3,387,666	3,690,822
Other intangible assets		3,091,461	3,273,300
Total non-current assets		11,090,603	11,348,808
Total assets		29,868,429	31,626,337
Liabilities			
Trade and other payables		9,133,528	5,531,935
Loans and other borrowings		5,809,447	985,435
Employee benefits		1,322,385	1,554,806
Total current liabilities		16,265,360	8,072,176
Non-current liabilities			
Loans and borrowings		1,812,980	1,812,093
Employee benefits		224,443	123,193
Deferred tax liabilities		588,585	784,934
Total non-current liabilities		2,626,008	2,720,220
Total liabilities		18,891,368	10,792,396
Net assets		10,977,061	20,833,941
Equity			
Share capital		31,867,122	18,219,059
Reserves		421,006	399,238
(Accumulated losses) / Retained profits		(21,311,067)	2,215,644
Total equity	10	10,977,061	20,833,941

The condensed notes on pages 9 to 19 are an integral part of these consolidated interim financial statements.

Inventis Limited
Consolidated Interim Statement of Cash Flows
For the half year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
Cash flows from operating activities		
Cash receipts from customers (including GST)	23,552,918	14,314,612
Cash paid to suppliers and employees (including GST)	(27,809,311)	(14,896,255)
Interest paid	(179,889)	(6,673)
Interest received	38,013	81,742
Income taxes paid	(22,528)	(15,887)
Net cash (outflow)/ inflow from operating activities	(4,420,797)	(522,461)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	236,427	(1,852,538)
Proceeds/payments for other financial assets	2,539,845	(208,990)
Purchase of property, plant and equipment	(1,484,853)	-
Net cash (outflow) from investing activities	1,291,419	(2,061,528)
Cash flows from financing activities		
Proceeds from issue of shares	2,071,399	-
Transaction costs of share issue	(82,400)	-
Proceeds from / (repayment of) borrowings	957,560	-
Lease liability payment	(4,907)	(5,967)
Dividends paid	-	(606,208)
Net cash (outflow) from financing activities	2,941,652	(612,175)
Net decrease in cash and cash equivalents	(187,726)	(3,196,164)
Cash and cash equivalents at beginning of the period	1,444,968	5,040,718
Cash and cash equivalents at end of the period	1,257,242	1,844,554

The condensed notes on pages 9 to 19 are an integral part of these consolidated interim financial statements.

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 1: Basis of Preparation

Reporting Entity

Inventis Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2007 is available upon request from the company’s registered office at Suite 12, 1 Box Road, Caringbah, NSW, 2229 or at www.inventis.com.au.

Statement of Compliance

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2007 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 1st March 2008.

Significant Accounting Policies

The accounting policies adopted are consistent with those applied in the 30 June 2007 annual report and corresponding interim period, except for the following difference in the basis of accounting relating to the Alpha Aviation group of companies (“Alpha Aviation”):

Alpha Aviation – Liquidation basis of accounting

As Alpha Aviation has been placed into liquidation and receivership subsequent to the reporting date, the financial position and results relating to those entities at 31 December 2007 have been accounted for on a basis other than going concern in the consolidated interim financial statements for the half-year ended 31 December 2007.

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 31 December 2007. The effect of this change in the basis of accounting relating to Alpha Aviation has increased current assets and decreased non-current assets by \$2,290,954 and increased current liabilities and decreased non-current liabilities by \$3,909,133. In addition, the write-down of assets in Alpha Aviation to estimated realisable values has increased the consolidated net loss after tax for the period by \$9,229,717. Other costs in connection with the liquidation of these companies have not been recognised in these consolidated interim financial statements.

Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007. Information about additional significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the interim financial statements amount recognised in the financial statements are described in the following notes:

Note 4 – Goodwill

Note 5 – Business combination

Note 7 – Events subsequent to reporting date

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 2. Expenses

	31 Dec 2007	31 Dec 2006
	\$	\$
Included in administration expense are the following impairment losses:		
- Impairment of property, plant and equipment – Alpha	5,117,163	-
- Impairment of other assets - Alpha	4,112,554	-
- Impairment of goodwill (see note 4)	12,059,395	-
	21,289,112	-

NOTE 3. Property, plant and equipment

(i) Acquisitions

During the 6 months ended 31 December 2007, the Group acquired assets with a cost of \$6,929,554 (6 months ended 31 December 2006: \$163,111), including assets acquired through business combinations of \$5,444,701 (6 months ended 31 December 2006: \$81,734).

(ii) Alpha Aviation

Included in current assets, is property, plant and equipment with a carrying value of \$2,290,954 (30 June 2007: Nil) relating to Alpha Aviation. These assets have been classified as current due to the liquidation basis of accounting for Alpha Aviation as described in Note 1.

NOTE 4. 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 Group performed an impairment test of goodwill on those cash generating units where there was an indicator of impairment at 31 December 2007. As a result of this testing, the carrying amount of the Damba Furniture and the Gregory Commercial Furniture (NZ) cash generating units, which are included in the operations of the Office Furniture segment, were determined to be higher than their recoverable amounts and impairment losses of \$101,216 and \$201,940 allocated to goodwill respectively were recognised. In addition, the carrying amount of the Alpha Aviation cash generating unit, which is included in the operations of the Aviation segment, was determined to be higher than its recoverable amount and an impairment loss of \$11,756,239 allocated to goodwill was recognised.

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

Cash Generating Unit	30 June 2007	Recognised during the period	Impairment charge during the period	31 Dec 2007
	\$	\$	\$	\$
Alpha Aviation Group (Note 5)	-	11,756,239	(11,756,239)	-
Gregory Commercial Furniture Pty Limited	1,457,990	-	-	1,457,990
Damba Furniture Pty Limited	1,535,216	-	(101,216)	1,434,000
Gregory Commercial Furniture (NZ) Limited	201,940	-	(201,940)	-
Impart Special Products Pty Limited	495,676	-	-	495,676
	3,690,822	11,756,239	(12,059,395)	3,387,666

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 4. Goodwill (Contd.)

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 6 months ending 30 June 2008, the financial year ending 30 June 2009, and cash flows for further 8 year period to 30 June 2017 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%. Management believes that this forecast period is justified due to the long-term nature of the products.
- For *Damba Furniture Pty Ltd* 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 2009 to 2013.
- Price growth was assumed to be 3.5% per annum and in line with inflation of 2.5% per annum.
- Cost growth was considered to be 3.3% and in line with inflation thereafter.
- A pre-tax discount rate of 11.88% was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted average cost of capital, which was based on the 10 year Government Bonds yield as increased for industrial risk factors.
- For *Gregory Commercial Furniture (NZ) Ltd* 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 2009 to 2013.
- Price growth was assumed to be 3.5% per annum and in line with inflation of 2.5% per annum.
- Cost growth was considered to be 3.3% and in line with inflation thereafter.
- A pre-tax discount rate of 11.88% was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted average cost of capital, which was based on the 10 year Government Bonds yield as increased for industrial risk factors
- For *Alpha Aviation*, the impairment loss was calculated at a net realisable value based on a liquidation basis. Given the liquidation and receivership of Alpha, management have assumed no recovery of the goodwill paid for the business on acquisition.

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).

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 5. Acquisition of Subsidiaries

During the 6 months ended 31 December 2007

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 the acquisition date and at 31 December 2007, 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:

(in AUD)	Pre-acquisition Carrying Amounts \$	Fair value Adjustments \$	Recognised Values on Acquisition \$
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	<u>(646,592)</u>	<u>(5,100)</u>	<u>(651,692)</u>
Goodwill on acquisition			11,756,239
Consideration paid*			<u>11,104,547</u>
Consideration paid in cash			(85,694)
Cash acquired			322,121
Net cash inflow			<u>236,427</u>

***Consideration paid:**

	\$
Shares	11,018,853
Cash - Transaction costs	85,694
Total purchase consideration	<u>11,104,547</u>

The initial accounting for the business combination has been determined provisionally as permitted by AASB 3 *Business Combinations*.

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 6: Segment Information

(a) Description of segments

The Group's primary reporting format is business segments and its secondary reporting format is geographical segments.

Business segments

The consolidated entity is organised into the following divisions by product and service type.

- Office Furniture
- Electronic Products
- Aviation

(i) *Business segments: Operating segments*

31 December 2007	Office Furniture	Electronic Products	Aviation	Intersegment eliminations (E)/ Unallocated (U)	Consolidated
	\$	\$	\$	\$	\$
Sales to external customers	13,651,622	6,086,236	1,184,225	-	20,922,083
Inter-segment sales	-	892,369	-	(892,369)	E -
Total sales revenue	13,651,622	6,978,605	1,184,225	(892,369)	E 20,922,083
Other revenue/income	17,784	33,016	3,471	10,056	U 64,327
Total segment revenue/income	13,669,406	7,011,621	1,187,696	(882,313)	20,986,410
Result					
Segment result before impairment charges	300,073	764,261	(2,587,084)	-	(1,522,750)
<i>Less: Impairment charges:</i>					
Property plant and equipment	-	-	(3,393,340)	-	(3,393,340)
Other assets	-	-	(4,112,964)	-	(4,112,964)
Other intangibles	-	-	(1,723,412)	-	(1,723,412)
Goodwill	(303,156)	-	(11,756,239)	-	(12,059,395)
	(303,156)	-	(20,985,955)	-	(21,289,111)
Less: Unallocated expenses	-	-	-	(1,165,961)	U (1,165,961)
Segment result before income tax	(3,083)	764,261	(23,573,039)	(1,165,961)	(23,977,822)
Income tax expense / (benefit)	92,136	223,233	-	(837,598)	U (522,229)
(Loss)/profit for the period	(95,219)	541,028	(23,573,039)	(328,363)	(23,455,593)
<i>Business segments : Assets and liabilities</i>					
Segment Assets	13,594,869	10,171,036	3,317,945	2,784,579	29,868,429
Segment Liabilities	(6,965,412)	(3,374,037)	(6,219,426)	(2,332,492)	(18,891,367)
Depreciation, amortisation and impairment	777,508	241,866	21,337,238	6,953	U 22,363,565

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 6. Segment Information (Continued)

(i) Business segments: Operating results

31 December 2006	Office Furniture	Electronic Products	Intersegment eliminations/ Unallocated	Consolidated
	\$	\$	\$	\$
Sales to external customers	7,531,756	6,490,929	-	14,022,685
Inter-segment sales	-	570,395	(570,395)	-
Total sales revenue	7,531,756	7,061,324	(570,395)	14,022,685
Other revenue/income	58,147	84,583	(45,308)	97,422
Total segment revenue/income	7,589,903	7,145,907	(615,703)	14,120,107
Result				
Segment result	627,286	670,313	(1,441,828)	(144,229)
Unallocated expense	-	-	-	-
Profit/(Loss) before income tax	627,286	670,313	(1,441,828)	(144,229)
Income tax benefit	-	-	43,434	43,434
Profit for the period	627,286	670,313	(1,398,394)	(100,795)

(ii) Business segments : Assets and liabilities

Segment Assets	7,742,677	11,778,119	1,288,172	20,808,968
Segment Liabilities	(3,007,471)	(4,678,873)	(327,250)	(7,359,094)
Depreciation and amortisation	360,050	233,419	226	593,695

Geographic Segment Information

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

AUD	Sales		Segment assets		Acquired Plant Equipment and Intangibles	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Australia	16,661,942	14,022,685	23,654,616	20,808,968	192,242	1,927,725
New Zealand	4,260,141	-	6,213,813	-	8,678,132	-
Total	20,922,083	14,022,685	29,868,429	20,808,968	8,870,374	1,927,725

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 7. Events Subsequent to Reporting Date

Liquidation and Receivership of the Alpha Aviation Group of companies

Group

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 has 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.

As a result of the above, all assets and liabilities relating to the above Alpha companies have been classified as current and all assets have been written-down to their estimated realisable values in the consolidated interim financial statements for the half-year ended 31 December 2007. These companies are included in the Aviation business segment and in the New Zealand geographical segment.

Alpha Aviation did not meet the criteria for classification as a disposal group or discontinued operation at 31 December 2007. Accordingly, the Alpha Aviation group of companies have not been classified as held-for-sale or as a discontinued operation at 31 December 2007.

The summarised consolidated financial position of Alpha Aviation at 31 December 2007 after impairment losses and before inter-company eliminations is as follows:

	As At 31 December 07
	\$
Total assets at estimated realisable values	3,317,945
Total Liabilities	(15,054,071)
Net Liabilities	<u>(11,736,126)</u>

The summarised consolidated results for the 6 months ended 31 December 2007 of Alpha Aviation is as follows:

	6 Months Ended 31 December 07
	\$
Operating loss before impairment charges	(2,587,083)
Impairment loss:	
– Property, plant and equipment	(5,117,163)
– Other assets	(4,112,554)
Total impairment charge	<u>(9,229,717)</u>
Net loss for the period relating to Alpha	<u>(11,816,800)</u>

In addition to the above, \$11,756,239 relating to goodwill arising on acquisition of Alpha, was written-down to \$Nil in the consolidated loss for the period (See Note 4).

In subsequent reporting periods of Inventis Limited, the financial position and results of the consolidated group will be impacted by future events relating to Alpha Aviation, which may include:

- a sale of the shares and/or business of Alpha Aviation; and / or
- a final winding-up of the Alpha Aviation companies; and/or
- de-registration of the Alpha Aviation companies.

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 7. Events Subsequent to Reporting Date (Continued)

A consequence of one or more of the above events in future reporting periods is that the net deficiency in assets currently recognised in the consolidated interim financial statements at 31 December 2007 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 5.

Company

The estimated financial effect on the company (Inventis Ltd) subsequent to reporting date will be an impairment of a loan to Alpha Aviation amounting to approximately \$5 million. Other costs or financial effects relating to the liquidation of these companies cannot be estimated at this stage.

NOTE 8. Loans and Borrowings

The following loans and borrowings (non-current and current) were used and repaid during the six months ended 31 December 2007:

	Currency	Interest Rate		Face Value	Carrying Amount	Year of Maturity
		Nominal	Effective	(in AUD)	(in AUD)	
				\$	\$	
Balance as at 1 July 2007					2,797,528	
Loan acquired (Note 5)	NZD	9.06	9.95	3,867,339	3,867,339	2011*
Secured bank loan	NZD	9.06	9.95	509,508	509,508	2011*
Secured bank loan	AUD	8.93	9.23	1,669,335	1,669,335	Revolving line of credit
Repayments						
Loan from director related entity	AUD			(500,000)	(500,000)	
Secured bank loan	AUD			(237,951)	(237,951)	
Non-interest bearing loans	AUD			(483,332)	(483,332)	
Balance as at 31 December 2007					7,622,427	

* - These loans are classified as current liabilities due to the liquidation basis of accounting for Alpha Aviation.

There were no new loans and borrowings or repayments in the prior interim period.

NOTE 9. Related Party Transactions

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

Non-executive directors	Executive Directors
Graeme Edwards (Chairperson)	Tony Noun
Ian Winlaw	Richard Sealy
Barry Colman (Alternate)	Robyn Himmelberg
	David Richards (Alternate)
Executives	
Tim Whiteside (Resigned as GM on 6 December 2007)	Alfred Kobylanski (Appointed as Chief Financial Officer on 8 October 2007)
Renuka Bhardwaj	Bruce Lehmann

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 9. Related Party Transactions (Continued)

(i) Key management personnel compensation

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

(ii) Other key management personnel transactions

The Company used the consulting services of Richard Sealy in relation to various project works including assisting the Managing Director in raising of Capital, preparation of legal documentation for case in France, preparation of documentation with regard to Grants as proposed by New Zealand Government for Aviation Industry. Amounts of \$126,764 were billed based on normal market rates for such services and were due and payable under normal payment terms.

The Company paid rent of \$44,005 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.

On 1st 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. This was paid back in full to THN Pty Limited on 4 August 2007.

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.

(iii) Movements in shares

The movement during the reporting period and up to 28 February 2008 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	Held at 28 February 2008
Directors			
Graeme Edwards	4,100,000	3,251,648	7,351,648
Tony Noun	12,961,996	8,046,397	21,008,393
Richard Sealy	2,488,150	2,045,655	4,533,805
Robyn Himmelberg	10,259,973	-	10,259,973
David Richards	10,259,983	-	10,259,983
Ian Winlaw	50,000	-	50,000
Barry Colman	9,333,000	5,166,383	14,499,383

(iv) Transactions with other related parties

During the period, 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 regard to this acquisition see notes 5 and 7.

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 10. Capital and Reserves

Reconciliation of movements in capital and reserves

	Share capital	Revaluation reserve	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2006	11,545,683	403,918	-	2,258,097	14,207,698
Total recognised income and expense	-	-	-	(100,795)	(100,795)
Dividends to equity holders	-	-	-	(657,029)	(657,029)
Balance at 31 December 2006	11,545,683	403,918	-	1,500,273	13,449,874
Balance at 1 July 2007	18,219,059	403,918	(4,680)	2,215,644	20,833,941
Total recognised income and expense	-	-	-	(23,526,711)	(23,526,711)
Issue of ordinary shares	13,952,118	-	-	-	13,952,118
Dividends to equity holders	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	21,768	-	21,768
New share issue costs	(304,055)	-	-	-	(304,055)
Balance at 31 December 2007	31,867,122	403,918	17,088	(21,311,067)	10,977,061

INVENTIS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2007

NOTE 11. Going Concern Disclosure

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

For the period ended 31 December 2007, the Group recorded a loss after tax of \$23,455,593 (6 months ended 31 December 2006: \$100,795 loss) and had negative operating cash flows of \$4,420,797 (6 months ended 31 December 2006: \$522,461).

In relation to the director's assessment of the going concern assumption, the directors have considered the following:

- The Group is in an overall net asset position at 31 December 2007 of \$10.9 million which includes the negative impact of Alpha Aviation;
- The Group is in a net current asset position of \$2.5 million at 31 December 2007;
- The loss for the period includes a one-off impairment charge of \$9.2 million relating to the investment in Alpha Aviation as well as a one-off \$11.8 million impairment of Goodwill charge arising on the acquisition of Alpha. Operating losses relating to Alpha will not recur in future periods given that these companies are now in the control of liquidators and receivers and Inventis has not provided any guarantees for the liabilities of Alpha.
- Banking facilities of \$6.3 million are available to the Group as at 31 December 2007. 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 interim financial statements. Of the available facilities, \$1.6 million was drawn down at 31 December 2007, leaving \$4.7 million in unutilised facilities.
- The directors have reviewed the cash flow forecasts relating to the remaining office furniture and technology operations and believe that there are sufficient cash flows and facilities that will enable the Group to fund its operations for at least the next 12 months.

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

NOTE 12. Share Options

The Group had no share options at 31 December 2007 (30 June 2007: Nil).

NOTE 13. Contingent Liabilities

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2007.

Inventis Limited

Directors' Declaration

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

1. the financial statements and notes set out on pages 5 to 19, are in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the six month period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

Dated at Sydney this 1st day of March 2008.

Signed in accordance with a resolution of the directors.



Ian Winlaw
Chairman



Tony Noun
Managing Director



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

Report on the financial report

We have reviewed the accompanying consolidated interim financial report of Inventis Limited (the "Company"), which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 13 and the directors' declaration set out on pages 5 to 20 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report:

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Inventis Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Basis of qualified conclusion

As noted in Note 7 of the interim financial report, subsequent to balance date, the Alpha Aviation Group of companies ("Alpha"), being wholly-owned subsidiaries of the Company, were placed into liquidation and receivership. As a result of Alpha being placed into liquidation and receivership, certain key management and financial personnel responsible for financial and accounting matters were not available to discuss the financial affairs of Alpha. Accordingly, it was not possible to obtain all the information necessary to complete our review of Alpha relating to its performance for the half-year ended 31 December 2007 and its financial position at 31 December 2007.

Had we been able to complete our review of Alpha, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2007 interim financial report.

Qualified conclusion

Except for the adjustments, if any, to the 31 December 2007 interim financial report relating to Alpha that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Inventis Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Carlo Pasqualini
Partner

Sydney

1 March 2008