

Innovance Ltd

and Controlled Entities

ABN 15 117 330 757

Consolidated Half Year Report

for the half year ended 31 December 2008

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Directors' Report

The directors of Innovance Ltd submit their report of the consolidated group for the half-year ended 31 December 2008.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Dr David L Brookes, Chairman
Mr Stephen Evans,
Mr Robert J S Greenslade

Review of Operations

In a challenging investment climate, Innovance continues to review suitable opportunities. Many projects have been discussed but none have been deemed suitable to progress. These projects have been predominately in the Biotechnology and Resources sectors.

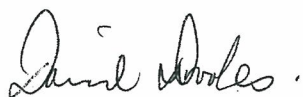
Amadori P/L, Innovance's wholly owned subsidiary, has completed the analysis of modern food preparations, and is currently reviewing expressions of interest for commercializing the concept that has been patent protected.

There are no service contracts in existence to any of the Directors.

Auditor's independence declaration

The auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half year ended 31 December 2008.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.



Dr David L Brookes
Chairman

6th March 2009

AUDITOR'S INDEPENDENCE DECLARATION

**To : The Directors
Innovance Limited**

As lead engagement partner for the review of Innovance Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Innovance Limited and the entities it controlled during the half year.

Signed this 6 day of March 2009.



Chartered Accountants



P J Whelan
Partner

Consolidated Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group	
		Half year ended 31 Dec 2008 \$	Half Year ended 31 Dec 2007 \$
Revenue		45,116	44,529
Employee benefits expense		-	(19,770)
Other expenses		(57,123)	(52,038)
Loss before income tax expense		(12,007)	(27,279)
Income tax expense		-	-
Loss for the period		(12,007)	(27,279)
Loss attributable to members of the parent entity		(12,007)	(27,279)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.07)	(0.09)
Diluted earnings per share		(0.07)	(0.09)

The income statement is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2008

	Note	Consolidated Group	
		31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		1,368,681	1,374,472
Trade and other receivables		6,511	22,704
TOTAL CURRENT ASSETS		1,375,192	1,397,176
TOTAL ASSETS		1,375,192	1,397,176
CURRENT LIABILITIES			
Trade and other payables		32,599	42,576
TOTAL CURRENT LIABILITIES		32,599	42,576
TOTAL LIABILITIES		32,599	42,576
NET ASSETS		1,342,593	1,354,600
EQUITY			
Issued equity	3	1,466,803	1,466,803
Reserves		141,080	141,080
Retained Earnings		(265,290)	(253,283)
TOTAL EQUITY		1,342,593	1,354,600

The balance sheet is to be read in conjunction with the notes to the consolidated interim financial report

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group			Total \$
		Share Capital Ordinary \$	Accumulated Losses \$	Share Option Reserve \$	
Balance at 1 July 2007		1,466,803	(185,322)	121,310	1,402,791
Loss attributable to members of the parent entity		-	(27,279)	-	(27,279)
Options issued to Director		-	-	19,770	19,770
Balance at 31 December 2007		1,466,803	(212,601)	141,080	1,395,282
Balance at 1 July 2008		1,466,803	(253,283)	141,080	1,354,600
Loss attributable to members of the parent entity		-	(12,007)	-	(12,007)
Balance at 31 December 2008		1,466,803	(265,290)	141,080	1,342,593

The statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Cash Flow Statement FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated Group	
	Half year ended 31 Dec 2008 \$	Half year ended 31 Dec 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(71,678)	(43,081)
Interest received	65,887	44,090
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(5,791)	1,009
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Transaction costs of issue of shares	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	(5,791)	1,009
Cash at the beginning of the reporting period	1,374,472	1,378,941
CASH AT THE END OF THE REPORTING PERIOD	1,368,681	1,379,950

The cash flow statement is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The half year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act.

The 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 annual financial report of the consolidated entity as at and for the year ended 30 June 2008.

b. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for investments in associates, which have been measured using the equity method of accounting and available-for-sale investments, which have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

c. Changes in accounting policies

In the current year, the Australian Accounting Standards Board (the AASB) have issued new and revised Standards and Interpretations. As these changes have no impact on the financial statements of the company, the same accounting policies and methods of computation are followed in the interim financial report as in the most recent annual financial report.

2. SEGMENT INFORMATION

Innovance is an investment company. Initially, the focus of the Company will be on investment opportunities in the biotechnology sector, although the Board will consider other investment opportunities

3. SUBSEQUENT EVENTS

There were no subsequent events affecting the financial statements.

4. SUBSIDIARIES

Name of entity	Country of incorporation	Country of operation	Ownership interest	
			2008 %*	2007 %*
<u>Parent entity</u>				
Innovance Ltd	Australia	Australia		
<u>Subsidiary</u>				
Amadori Pty Ltd	Australia	Australia	100	100
* Percentage of voting power is in proportion to ownership				

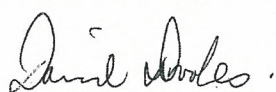
Directors' Declaration

In accordance with a resolution of the directors of Innovance Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr David L Brookes
Chairman

6th March 2009

Additional information required by the National Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 4 March 2009

Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
GRYPHON PARTNERS PTY LTD	1,500,000	9.51%
AWJ FAMILY PTY LTD <A W JOHNSON FAMILY A/C>	1,000,000	6.34%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	1,000,000	6.34%
I E PROPERTIES PTY LTD	800,000	5.07%
MOUSETRAP NOMINEES PTY LTD	800,000	5.07%
	5,100,000	32.33%

Top ten shareholders - Innovance Ltd

	Fully Paid Ordinary Shares	
	<u>Number</u>	<u>Percentage</u>
GRYPHON PARTNERS PTY LTD	1,500,000	9.51%
AWJ FAMILY PTY LTD <A W JOHNSON FAMILY A/C>	1,000,000	6.34%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	1,000,000	6.34%
I E PROPERTIES PTY LTD	800,000	5.07%
MOUSETRAP NOMINEES PTY LTD	800,000	5.07%
NUTSVILLE PTY LTD	700,000	4.44%
MRS ELISABETH MARY BROOKES <DAHLBROOK FAMILY A/C>	575,000	3.64%
DR DAVID LIONEL BROOKES + MRS ELISABETH BROOKES <DR DL BROOKES PERSNL S/F A/C>	500,000	3.17%
DAGRES PTY LTD <DAGRES DISCRETIONARY A/C>	500,000	3.17%
FORESIGHT PTY LTD	500,000	3.17%
	7,875,000	49.92%



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INNOVANCE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Innovance Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, and selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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 controls relevant to the preparation and fair presentation of the half-year 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 half-year 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Innovance Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors of Innovance Limited at the same date of this auditor's review report.

Conclusion

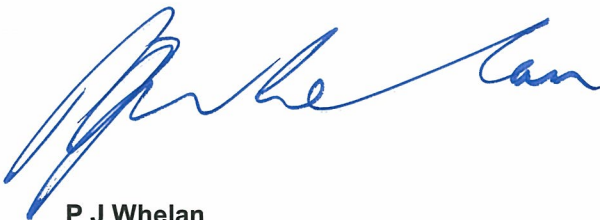
Based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Innovance Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF

Chartered Accountants



P J Whelan
Partner

Signed in Adelaide this 6 day of March 2009.