

# **Innovance Ltd**

## **and Controlled Entities**

**ABN 15 117 330 757**

## **Half Year Report**

**for the half year ended 31 December 2009**

## Contents to Half Year Report

Directors' Report .....	3
Auditor's Independence Declaration .....	4
Consolidated Statement of Comprehensive Income .....	5
Consolidated Statement of Financial Position .....	6
Consolidated Statement of Changes in Equity .....	7
Consolidated Statement of Cash Flow .....	8
Notes to the Financial Statements .....	9
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	9
2. SEGMENT INFORMATION .....	10
3. SUBSEQUENT EVENTS .....	10
Directors' Declaration .....	11
Independent Auditor's Review Report .....	12

## Directors' Report

The directors of Innovance Ltd submit their report of the consolidated group for the half-year ended 31 December 2009.

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 Brookes, Chairman  
Mr Stephen Evans, Non-Executive Director  
Mr Rob Greenslade, Executive Director

### Review of Operations

Innovance is an investment company with an Australian focus that is looking for investment opportunities principally in the resource sector.

### Operating result

The Company's loss after providing for income tax amounted to \$70,035

### Corporate

The company has not issued any new shares since NSX listing on the 8<sup>th</sup> Feb 2007 with the total issued shares being 16,571,833. The current consolidated cash balance of \$1,257,280 reflects a cash backing of 7.59 cents per share.

### Operations

The search for suitable investment projects is ongoing and some projects remain under consideration. On a contract basis, Innovance has used a geological consulting service to assist in the identification of potential resource projects.

Amadori Pty Ltd, Innovance's wholly owned subsidiary, has completed the analysis of modern food preparations. Amadori has taken out patent protection in Australia and New Zealand, as well as selected other jurisdictions. The Board is currently reviewing expressions of interest for commercialising the concept.

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 2009.

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



Dr David Brookes  
Chairman  
16 March 2010

**Auditor's Independence Declaration**

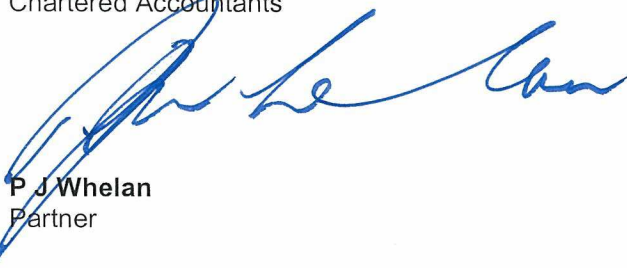
As lead auditor for the review of Innovance Limited for the half year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* 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.



**PKF**  
Chartered Accountants



**P J Whelan**  
Partner

Signed this 16<sup>th</sup> day of March 2010

# Consolidated Statement of Comprehensive Income

## FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Half-year ended	
		31 Dec 2009 \$	31 Dec 2008 \$
Revenue		20,106	45,116
Other expenses		(90,141)	(57,123)
<b>Loss before income tax expense</b>		<b>(70,035)</b>	<b>(12,007)</b>
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(70,035)</b>	<b>(12,007)</b>
<b>Loss attributable to members of the parent entity</b>		<b>(70,035)</b>	<b>(12,007)</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		-	-
Gain/(loss) on available-for-sale investments taken to equity		-	-
Income tax relating to components of other comprehensive income		-	-
<b>Total comprehensive income for the period, net of tax, attributable to the members of the parent entity</b>		<b>(70,035)</b>	<b>(12,007)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.42)	(0.07)
Diluted earnings per share		(0.42)	(0.07)

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

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2009

	Note	Consolidated	
		31 December 2009 \$	30 June 2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,257,280	1,324,199
Trade and other receivables		6,304	2,869
<b>TOTAL CURRENT ASSETS</b>		<b>1,263,584</b>	<b>1,327,068</b>
<b>TOTAL ASSETS</b>		<b>1,263,584</b>	<b>1,327,068</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		37,925	31,374
<b>TOTAL CURRENT LIABILITIES</b>		<b>37,925</b>	<b>31,374</b>
<b>TOTAL LIABILITIES</b>		<b>37,925</b>	<b>31,374</b>
<b>NET ASSETS</b>		<b>1,225,659</b>	<b>1,295,694</b>
<b>EQUITY</b>			
Issued capital		1,466,803	1,466,803
Reserves		141,080	141,080
Retained earnings		(382,224)	(312,189)
<b>TOTAL EQUITY</b>		<b>1,225,659</b>	<b>1,295,694</b>

The consolidated Statement of Financial Position 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 2009

	Note	Consolidated			
		Issued Capital Ordinary \$	Retained Earnings \$	Share Option Reserve \$	Total \$
<b>Balance at 1 July 2008</b>		1,466,803	(253,283)	141,080	1,354,600
parent entity		-	(12,007)	-	(12,007)
Revaluation of available for sale financial instruments (net of tax)		-	-	-	-
Cost of share based payment		-	-	-	-
Foreign exchange translations		-	-	-	-
<b>Balance at 31 December 2008</b>		1,466,803	(265,290)	141,080	1,342,593
<b>Balance at 1 July 2009</b>		1,466,803	(312,189)	141,080	1,295,694
parent entity		-	(70,035)	-	(70,035)
Revaluation of available for sale financial instruments (net of tax)		-	-	-	-
Cost of share based payment		-	-	-	-
Foreign exchange translations		-	-	-	-
<b>Balance at 31 December 2009</b>		1,466,803	(382,224)	141,080	1,225,659

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

## Consolidated Statement of Cash Flow

### FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated	
		Half year ended 31 Dec 2009 \$	Half year ended 31 Dec 2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(87,025)	(71,678)
Interest received		20,106	65,887
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		(66,919)	(5,791)
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	-
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		-	-
Net increase/(decrease) in cash and cash equivalents		(66,919)	(5,791)
Net foreign exchange differences			-
Cash at the beginning of the period		1,324,199	1,374,472
<b>CASH AT THE END OF THE PERIOD</b>		<b>1,257,280</b>	<b>1,368,681</b>

The consolidated statement of cash flows 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 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Reporting entity

Innovance Ltd (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 2009 comprises the Company and its subsidiaries (the "consolidated entity") and the consolidated entity's interest in associates.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 is available upon request from the Company's registered office.

#### b. Statement of compliance

The consolidated interim 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 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 consolidated entity as at and for the year ended 30 June 2009.

#### c. Significant accounting policies

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the consolidated financial report as at and for the year ended 30 June 2009.

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. New and revised Standards and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 8 Operating Segments
- AASB101 Presentation of Financial Statements

#### *AASB 8 Operating Segments*

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. Information regarding the operating segments of the Group is presented in Note 2. The amounts reported for the prior period have been restated to conform to the requirements of AASB 8.

#### *AASB101 Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

## Notes to the Financial Statements

### FOR THE HALF YEAR ENDED 31 DECEMBER 2009

#### d. Significant accounting judgements and key estimates

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

Except as described below, in preparing this interim 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 for the year ended 30 June 2009.

#### 2. SEGMENT INFORMATION

The Group has adopted AASB 8 *Operating Segments* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risk rewards approach, with the entity's 'system of internal financial reporting to 'key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

Innovance Ltd operates as an investment entity currently seeking a project. The entity has no segment revenue, profit and loss, or assets and liabilities to report as it currently does not engage in any business activities that earn revenues or incur expenses, or allow specific assets and liabilities to be attributed to its segment operations.

#### 3. SUBSEQUENT EVENTS

There has been no material event subsequent to the half year ended 31 December 2009.

## 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 2009 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 Brookes  
Chairman

16 March 2010



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 statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company 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 control 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 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.

#### *Independence*

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

Tel 618 7421 1400 | Fax 618 7421 1499

adelaide@pkf.com.au | www.pkf.com.au

A South Australian Partnership | ABN 21 903 784 597

Level 2 | 139 Frome Street | Adelaide | South Australia 5000

GPO Box 2505 | Adelaide | South Australia 5001

PKF Adelaide Practice is a member of PKF Australia Limited a national association of independent chartered accounting and consulting firms each trading as PKF. PKF Australia Limited is a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Liability limited by a scheme approved under Professional Standards Legislation



Chartered Accountants  
& Business Advisers

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that causes us to 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 2009 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*.

A handwritten signature in blue ink that reads 'PKF'.

**PKF**  
Chartered Accountants

A handwritten signature in blue ink that reads 'P J Whelan'.

**P J Whelan**  
Partner

Signed in Adelaide on this 16<sup>th</sup> day of March 2010