AROWANA®

26 February 2020

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Subject: Interim Financial Report for half-year ended 31 December 2019

The Directors of Arowana International Limited (ASX: AWN) are pleased to release the Interim Financial Report for the half-year ended 31 December 2019. The accompanying Investor Presentation will be released as a separate announcement.

On behalf of the Board of AWN,

Cameron Fellows
Company Secretary

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AROWANA

Arowana International Limited and its Controlled Entities

(ABN 83 103 472 751)

Interim Financial Report

Including Appendix 4D Disclosures

For the half-year ended 31 December 2019

(Previous corresponding half-year ended 31 December 2018)

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Results for announcement to the Market

				2019 A$	2018 A$
Revenue from continuing operations	up	42%	to	68,631,036	48,198,936
Loss after tax from continuing operations attributable to members	down	19%	to	(4,917,392)	(6,068,665)
Profit after tax from discontinued operations attributable to members	down	91%	to	37,850	420,548
Net loss for the year attributable to members	down	14%	to	(4,879,542)	(5,648,117)

Dividends paid and proposed

No dividend was paid or proposed during the half-year ended 31 December 2019. The Directors have not declared an interim dividend in respect of the half-year ended 31 December 2019.

Dividend reinvestment plan

Arowana International Limited does not have a dividend reinvestment plan in operation.

Brief explanation necessary to enable the figures to be understood:

Please refer to the attached Interim Financial Report for the half-year ended 31 December 2019.

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period
From continuing and discontinued operations combined		
Basic EPS	(3.08) cents	(3.58) cents
Diluted EPS	(3.08) cents	(3.58) cents

NTA backing	31 December 2019	30 June 2019
Net tangible asset backing per ordinary security	7.6 cents	9.9 cents

Control gained or lost over entities in the half-year

There were no transactions entered into by Arowana International Limited and its controlled entities during the half-year ended 31 December 2019 that resulted in control being gained over any entities.

During July 2019, control was lost over VivoRex LLC (which was part of the VivoPower group) following disposal of the entity for $1, with a resultant gain on disposal of $607,723 as a result of the divestment of onerous contract obligations.

During October 2019, control was lost over SC OCo Pty Ltd (which was part of the VivoPower group) following disposal of the entity for gross proceeds of $1,477,000, with a resultant gain on disposal of $589,760.

Furthermore, control was lost over the following dormant entities during the half-year following voluntary deregistration:

- ACN 613885224 Pty Ltd;
- VVP Project 2 Pty Ltd;
- DGI Pty Ltd;
- Amaroo Solar TCo Pty Ltd;
- Amaroo Solar HCo Pty Ltd; and
- Amaroo Solar FCo Pty Ltd.

Associates and joint venture entities

	Ownership interest		Contribution to Net Loss	
Name	Current period %	Previous corresponding period %	Current period $	Previous corresponding period $
Innovative Solar Ventures I, LLC	50.0	50.0	-	-
Viento Group Limited	31.8	31.8	(2,588)	(5,390)

Directors' Report for the half-year ended 31 December 2019

Your directors submit the financial report of Arowana International Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2019.

Directors

The names of directors in office at any time during the half-year or since the end of the half-year are:

Name	Position
Kevin Tser Fah Chin	Executive Chairman and Chief Executive Officer
Robert John McKelvey	Non-Executive Director
Eduardo Fernandez	Non-Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Review of Operations

Statutory Financial Highlights

Statutory operating revenue for the half-year ended 31 December 2019 increased by 42% to $68.6 million (2018: $48.2 million) due primarily to significantly increased revenues from VivoPower's Aevitas business unit in Australia.

The statutory EBIT and loss after tax from continuing operations for the half-year ended 31 December 2019 were a loss of $3.2 million (2018: loss of $8.1 million) and a loss of $5.4 million (2018: loss of $8.7 million) respectively. Key contributors to the loss for the period - an improvement on the prior corresponding period – were:

- Material organic revenue growth generated by VivoPower's Aevitas business unit in Australia, such that it grew revenues by 78% period-on-period;
- Non-recurring restructuring, remuneration and professional fees ($1.2 million) incurred by VivoPower primarily in connection with a cost reduction programme for the business;
- Non-recurring operating expenditure incurred by EdventureCo in connection with the expansion of DDLS into the Philippines in partnership with Aboitiz Equity Ventures ($0.8 million);
- Non-recurring operating and project expenditure incurred by EdventureCo primarily in connection with due diligence on potential acquisitions, development of its new cyber-security product suite, upgrade of systems implementation and other non-recurring expenditure ($0.8 million);
- Continued investment into the growth of the Australian Special Income Opportunities Fund, which remains sub-scale at the date of this report; and
- Non-cash amortisation of identifiable intangibles ($0.8 million) following acquisition of DDLS and Aevitas (supply contracts, customer relationships, course development etc).

The following table sets out the statutory financial results for the half-year ended 31 December 2019:

All figures in A$ millions	Half-year ended 31 December 2019 – Statutory (reviewed)	Half-year ended 31 December 2018 – Statutory (reviewed) *	% change
Operating Revenue	68.6	48.2	42
Interest Income	0.1	0.1	6
Total Income	68.7	48.3	42
Other Income	0.2	0.2	(24)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	0.1	(4.5)	*nmf*
Earnings Before Interest and Tax (EBIT)	(3.2)	(8.1)	60
Loss Before Tax (PBT)	(3.8)	(8.8)	57
Tax Expense / (Benefit)	1.6	(0.1)	*nmf*
Net Loss After Tax (NPAT) from continuing operations	(5.4)	(8.7)	37
Earnings per Share (EPS)	(3.1) cents	(3.6) cents	14
Dividend per Share (DPS)	-	0.3 cents	(100)
Net tangible assets (NTA) per Share	7.6 cents	11.4 cents	(33)

** Prior period numbers have been restated to recognise the impact of AASB 16 Leases to provide consistency with the current presentation.*

nmf – no meaningful comparison

NOTE: Numbers may not compute exactly due to rounding

Underlying Financial Performance

In order to enable a more meaningful comparison of underlying financial performance, the following tables outline AWN's financial performance for the half-year ended 31 December 2019 versus the half-year ended 31 December 2018, together with a reconciliation of statutory to underlying results. The tables are presented on the following basis:

- Excluding the impact of non-recurring restructuring and other one-off costs incurred by VivoPower, primarily in connection with its strategic review, $1.2 million (2018: $1.2 million);
- Excluding the impact of non-recurring project costs incurred by the Enterprise Office, principally related to due diligence costs associated with potential acquisitions, $0.6 million (2018: $0.2 million);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, $0.2 million (2018: $0.2 million);
- Excluding the impact of operational expenditure associated with the launch of DDLS Philippines, a joint venture between DDLS Australia Pty Ltd and Aboitiz Equity Ventures, $0.8 million (2018: NIL);

- Excluding the impact of non-recurring project costs incurred by EdventureCo, primarily in relation to due diligence costs associated with potential acquisitions, $0.5 million (2018: NIL);
- Reinstating the results of Sun Connect for the period of ownership from 1 July 2019 through to 23 October 2019, which has been treated as a discontinued operation for statutory reporting purposes, $0.1 million (2018: NIL);
- Excluding the impact of EdventureCo's non-recurring restructuring costs following the acquisition and integration of DDLS Australia Pty Ltd, NIL (2018: $0.1 million); and
- Excluding the impact of other individually immaterial, non-recurring transactions, $0.5 million (2018: $0.3 million).

Reconciliation of Statutory to Underlying Results

	Half-year ended 31 December 2019		Half-year ended 31 December 2018	
All figures in A$ thousands	**EBIT**	**EBITDA**	**EBIT**	**EBITDA**
Statutory reporting basis	**(3,225)**	**52**	**(8,136)**	**(4,547)**
VivoPower International				
Reverse unrealised FX losses / (gains)	(193)	(193)	960	960
Add back from discontinued operations	62	62	-	-
Normalisation of non-recurring expenses	1,227	1,227	1,186	1,186
EdventureCo				
Normalisation of project costs	476	476	16	16
Start-up costs - DDLS Philippines	774	774	-	-
Normalisation of non-recurring expenses	307	307	126	126
Thermoscan *				
Add back from discontinued operations	-	-	453	489
Arowana Funds Management				
Normalisation of non-recurring expenses	185	185	23	23
Enterprise Office				
Reverse unrealised FX gains	(24)	(24)	(1,201)	(1,201)
Normalisation of project costs	591	591	239	239
Normalisation of non-recurring expenses	55	55	228	228
Unallocated				
Realised foreign exchange gains not allocated to business units	47	47	19	19
Underlying reporting basis	**282**	**3,559**	**(6,087)**	**(2,462)**

* *Effective 1 May 2019, the Company sold its 100% interest in Thermoscan as detailed in note 7(a) of the attached Notes to the Consolidated Financial Statements.*

Underlying Results

All figures in A$ thousands	Half-year ended 31 December 2019 – underlying (unaudited)	Half-year ended 31 December 2018 – underlying (unaudited)	% change
VivoPower International	47,143	26,407	79
EdventureCo	20,849	21,233	(2)
Thermoscan *	-	1,521	(100)
Arowana Funds Management	498	556	(10)
Enterprise Office	1	3	(77)
Total underlying revenue	**68,491**	**49,720**	**38**
VivoPower International	5,260	(1,480)	*nmf*
EdventureCo	1,723	2,141	(19)
Thermoscan *	-	489	(100)
Arowana Funds Management	(1,449)	(1,664)	13
Enterprise Office	(1,975)	(1,948)	(1)
Total underlying EBITDA	**3,559**	**(2,462)**	*nmf*
Total underlying EBIT	282	(6,087)	*nmf*
Realised FX losses	(47)	(19)	(155)
Interest income	108	102	6
Interest expense	(663)	(713)	7
Net interest expense	(555)	(611)	9
Total underlying PBT	**(320)**	**(6,717)**	**95**
Tax (expense) / benefit	(1,648)	72	*nmf*
Underlying Group NPAT	**(1,968)**	**(6,645)**	**70**

* *Effective 1 May 2019, the Company sold its 100% interest in Thermoscan as detailed in note 7(a) of the attached Notes to the Consolidated Financial Statements.*

nmf – no meaningful comparison

NOTE: Numbers may not compute exactly due to rounding

Key comments in relation to the preceding table:

VivoPower International

- Underlying revenue, EBITDA and EBIT for the half-year ended 31 December 2019 includes the consolidated results of VivoPower International PLC ("VivoPower"), of which the Company holds 60.3% post VivoPower's NASDAQ listing on 29 December 2016.

- The 79% organic growth in underlying revenue for the period is due to the material outperformance of the Aevitas business unit in Australia. Aevitas has continued to capitalise on strong market tailwinds in the solar, data storage and healthcare sectors and it has also successfully expanded into new industry sectors.
- In October 2019, VivoPower successfully monetised its remaining Sun Connect portfolio of 53 operating solar projects for $1.5m, representing a 2.0x multiple of invested capital and an unlevered IRR of 20.1% before tax.
- Underlying EBITDA improved materially to a profit of $5.3m for the half-year ended 31 December 2019 versus a loss of $1.5m in the previous corresponding period. This significant improvement is due primarily to the revenue growth noted above, but also to a continued focus by Aevitas on pricing, efficiency and profitable business development which has seen gross and EBITDA margins increase during the six months ended 31 December 2019.

EdventureCo Group

- Underlying revenue, EBITDA and EBIT for the half-year ended 31 December 2019 includes the consolidated results of EdventureCo Group, which is a wholly owned subsidiary of the Company and comprises the DDLS and Everthought Education business units.
- Underlying revenue of $20.8m for the half-year ended 31 December 2019 is in line with the comparative period. Driven by an uplift in international student enrolments, strong revenue growth in Everthought (up 11% against the comparative period) helped offset the impact of a 3% reduction in DDLS revenue due to sales transformation related changes in revenue mix.
- In collaboration with its joint venture partner in the Philippines, Aboitiz Equity Ventures, DDLS launched its first offshore training centre in Manila during the period and commenced delivery of technology-focused short courses to local students. It is intended that the launch will be followed by further DDLS training centres across the Philippines and expansion thereafter into other high demand areas.
- Through its consumer-facing brand, the Australian Institute of ICT, DDLS launched its first bootcamp style course during the period - the Certified Cybersecurity Program.
- Underlying EBITDA decreased to $1.7m for the half-year ended 31 December 2019 versus $2.1m in the comparative period. The decrease in earnings reflects significant investment in additional resources to transform to a higher margin revenue model as well as to support future growth, including the expansion and optimisation of sales infrastructure, development and launch of new product offerings, process improvement and enhanced marketing capabilities. These initiatives are expected to generate a return on investment within the next 12 months and drive a return to earnings growth.

Thermoscan

- Effective 1 May 2019, the Company sold its 100% interest in Thermoscan for gross proceeds of $6m. As such, Thermoscan's results ceased to be included in the Group's consolidated results from that date.

Arowana Funds Management

- Arowana Funds Management's result primarily reflects fee revenue generated in respect of its management of the investment portfolios of the Arowana Contrarian Value Fund ("ACVF"), the Arowana Australasian Special Situations Fund ("AASSF I") and increased overheads associated with scaling up the division to launch its new investment platform, Australian Special Income Opportunities Fund ("ASIOF").

- The ASIOF product is a private debt fund that was officially launched in May 2018 with the completion of a founders' class capital raising round which includes capital commitments from the co-founders of the fund, being Dustin Cappelletto and Kevin Chin. The fund's first investment was completed during February 2019.
- Total funds under management (FUM) as at 31 December 2019 was $147m, versus $150m as at 31 December 2018.
- Underlying funds management revenue decreased by 10% to $0.50m for the half-year ended 31 December 2019, as compared to the previous corresponding period of $0.56m. The decrease in revenue is primarily due to lower FUM in ACVF following share buybacks and payment of dividends during the period.
- Underlying EBITDA and EBIT loss was $1.4m for the half-year ended 31 December 2019, as compared to the previous corresponding period of an EBITDA and EBIT loss of $1.7m. The loss for the period primarily relates to the Company's ongoing investment in ASIOF which remains sub-scale at the date of this report.

Dividends paid or recommended

No dividends were paid during the half-year ended 31 December 2019. The Directors have not declared an interim dividend in respect of the half-year ended 31 December 2019.

Events occurring after the reporting period

On 10 February 2020, the Company announced the successful completion of a redeemable convertible note issue, raising gross proceeds of $3.55 million from family offices and other professional and sophisticated investors. Key terms of the convertible notes are as follows:

- Number issued – 5,925,000 redeemable convertible notes with a face value of $0.60 each;
- Coupon – 8.00% per annum, payable semi-annually;
- Maturity date – 36 months from date of issue;
- Conversion – Convertible into ordinary shares on a ratio of 1:4 at election of holder;
- Redemption (Holder) – May redeem face value in cash after 31 December 2020 within specified, bi-annual redemption windows; and
- Redemption (Issuer) – May redeem face value in cash, at a 10% premium, after 31 December 2020 within specified, bi-annual redemption windows.

Proceeds from the redeemable convertible note issue will be applied by the Company towards investments which are consistent with its business objectives including general working capital to fund organic growth, as well as potential accretive bolt-on acquisitions and to meet the costs of the capital raise.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group and Company, the results of those operations, or the state of affairs of the Group and Company in future financial periods.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 12 for the half-year ended 31 December 2019.

Signed for, and on behalf of, the Board in accordance with a resolution of the Directors made pursuant to s. 306(3) of the Corporations Act 2001.

Kevin Chin

Executive Chairman and Chief Executive Officer

Brisbane, 26 February 2020

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AROWANA INTERNATIONAL LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, 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 Arowana International Limited and the entities it controlled during the half year.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

26 FEBRUARY 2020
BRISBANE

PKF Brisbane Audit
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Arowana International Limited and its Controlled Entities
ABN 83 103 472 751

Interim Financial Statements

For the half-year ended 31 December 2019

Consolidated Statement of Profit or Loss

For the reporting period ended 31 December	Note	2019 $	2018 Pre-AASB16 $	AASB16 Adjustment $	2018 Restated $
Revenue from continuing operations					
Revenue	3(a)	68,631,036	48,198,936	-	48,198,936
Interest income		108,224	102,278	-	102,278
Total income		**68,739,260**	**48,301,214**	**-**	**48,301,214**
Other income / (expenses)	3(b)	170,222	223,957	-	223,957
Expenses					
Cost of sales	4(a)	(49,831,595)	(34,335,695)	-	(34,335,695)
Employee costs		(12,017,116)	(11,335,446)	-	(11,335,446)
Occupancy costs		(89,747)	(2,185,476)	1,725,053	(460,423)
Director fees		(64,566)	(77,862)	-	(77,862)
Marketing costs		(653,506)	(484,009)	-	(484,009)
Insurance costs		(652,311)	(519,733)	-	(519,733)
IT and communication costs		(1,015,866)	(877,045)	-	(877,045)
Travel costs		(383,211)	(387,376)	-	(387,376)
Interest expense		(662,955)	(479,444)	(233,709)	(713,153)
Depreciation		(2,479,223)	(534,864)	(1,725,053)	(2,259,917)
Amortisation	10	(797,622)	(1,329,397)	-	(1,329,397)
Administration costs	4(b)	(4,039,072)	(4,350,578)	-	(4,350,578)
Provision for impairment of investments		-	(136,297)	-	(136,297)
Share of net loss of associates accounted for using the equity method		(2,588)	(5,390)		(5,390)
Total expenses		**(72,689,378)**	**(57,038,612)**	**(233,709)**	**(57,272,321)**
Loss before tax		**(3,779,896)**	**(8,513,441)**	**(233,709)**	**(8,747,150)**
Income tax benefit/(expense)		(1,647,584)	72,276	-	72,276
Loss after income tax from continuing operations		**(5,427,480)**	**(8,441,165)**	**(233,709)**	**(8,674,874)**
Discontinued operations					
Profit after income tax from discontinued operations	7	62,743	420,420	-	420,420
Loss for the period		**(5,364,737)**	**(8,020,745)**	**(233,709)**	**(8,254,454)**
Loss attributable to:					
Owners of Arowana International Limited		(4,879,542)	(5,432,034)	(216,083)	(5,648,117)
Non-controlling interest		(485,195)	(2,588,711)	(17,626)	(2,606,337)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

Consolidated Statement of Profit or Loss (continued)

For the reporting period ended 31 December	2019	2018 Pre-AASB16	AASB16 Adjustment	2018 Restated
	Cents	Cents	Cents	Cents
Earnings per share				
From continuing operations:				
Basic loss per share (cents)	(3.12)	(3.70)	(0.15)	(3.85)
Diluted loss per share (cents)	(3.12)	(3.70)	(0.15)	(3.85)
From discontinued operations:				
Basic loss per share (cents)	0.04	0.27	-	0.27
Diluted loss per share (cents)	0.04	0.27	-	0.27
From continuing and discontinued operations:				
Basic loss per share (cents)	(3.08)	(3.43)	(0.15)	(3.58)
Diluted loss per share (cents)	(3.08)	(3.43)	(0.15)	(3.58)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

Consolidated Statement of Comprehensive Income

For the reporting period ended 31 December	2019	2018 Pre-AASB16	AASB16 Adjustment	2018 Restated
	$	$	$	$
Loss for the period	(5,364,737)	(8,020,745)	(233,709)	(8,254,454)
Other comprehensive income for the period				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	42,512	184,066	-	184,066
Other comprehensive income for the period, net of tax	42,512	184,066	-	184,066
Total comprehensive income for the period, net of tax	**(5,322,225)**	**(7,836,679)**	**(233,709)**	**(8,070,388)**
Total comprehensive income attributable to				
Parent interest (Arowana International Limited)	(4,853,595)	(4,900,547)	(216,083)	(5,116,630)
Non-controlling interests	(468,630)	(2,936,132)	(17,626)	(2,953,758)
	(5,322,225)	**(7,836,679)**	**(233,709)**	**(8,070,388)**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

As at 31 December 2019

Consolidated Statement of Financial Position

As at	Note	31 Dec 2019 $	30 Jun 2019 $
Current assets			
Cash and cash equivalents		7,375,663	17,573,491
Trade and other receivables and contract assets	6	9,451,428	12,918,646
Inventory		5,280,029	8,199,056
Other current assets		7,975,942	4,977,368
Assets classified as held-for-sale	7(b)	19,311,384	20,174,060
Total current assets		**49,394,446**	**63,842,621**
Non-current assets			
Investments accounted for using equity method	8	313,966	316,554
Other financial assets		219,371	219,372
Other non-current assets	9	2,350,991	2,054,622
Property, plant and equipment		15,583,422	12,068,225
Deferred tax assets		9,415,033	9,726,362
Intangible assets	10	45,880,264	46,435,687
Total non-current assets		**73,763,047**	**70,820,822**
Total assets		**123,157,493**	**134,663,443**
Current liabilities			
Trade and other payables and contract liabilities	11	34,017,668	45,603,437
Current tax liabilities		2,138,140	976,021
Current provisions		4,173,335	4,210,140
Interest bearing liabilities	12	4,979,110	4,191,394
Liabilities directly associated with assets classified as held-for-sale	7(b)	1,589,643	1,589,643
Total current liabilities		**46,897,896**	**56,570,635**
Non-current liabilities			
Non-current provisions		1,012,405	1,366,272
Deferred tax liabilities		5,657,501	5,800,082
Interest bearing liabilities	12	7,855,015	4,868,401
Total non-current liabilities		**14,524,921**	**12,034,755**
Total liabilities		**61,422,817**	**68,605,390**
Net assets		**61,734,676**	**66,058,053**
Equity			
Issued capital		59,775,954	59,775,954
Reserves		(32,852,017)	(32,877,964)
Retained earnings		25,742,832	30,622,374
Equity attributable to Parent interest		**52,666,769**	**57,520,364**
Equity attributable to non-controlling interest		9,067,907	8,537,689
Total equity		**61,734,676**	**66,058,053**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

Consolidated Statement of Changes in Equity

	Issued capital	General reserve	Share buyback reserve	Option reserve	Foreign currency translation reserve	Retained earnings	Attributable to Parent interest	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$	$
As at 1 July 2018	**59,845,704**	**(29,486,646)**	**(2,600,374)**	**3,095,100**	**(4,101,288)**	**37,987,317**	**64,739,813**	**13,377,696**	**78,117,509**
Loss for the half-year *	-	-	-	-	-	(5,648,117)	(5,648,117)	(2,606,337)	(8,254,454)
Other comprehensive income for the half-year	-	-	-	-	531,487	-	531,487	(347,421)	184,066
Total comprehensive income	**-**	**-**	**-**	**-**	**531,487**	**(5,648,117)**	**(5,116,630)**	**(2,953,758)**	**(8,070,388)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	136,413	136,413
Dividend paid	-	-	-	-	-	(474,512)	(474,512)	-	(474,512)
As at 31 December 2018	**59,845,704**	**(29,486,646)**	**(2,600,374)**	**3,095,100**	**(3,569,801)**	**31,864,688**	**59,148,671**	**10,560,351**	**69,709,022**
As at 1 July 2019	**59,775,954**	**(29,415,614)**	**(2,600,374)**	**3,095,100**	**(3,957,076)**	**30,622,374**	**57,520,364**	**8,537,689**	**66,058,053**
Loss for the half-year	-	-	-	-	-	(4,879,542)	(4,879,542)	(485,195)	(5,364,737)
Other comprehensive income for the half-year	-	-	-	-	25,947	-	25,947	16,565	42,512
Total comprehensive income	**-**	**-**	**-**	**-**	**25,947**	**(4,879,542)**	**(4,853,595)**	**(468,630)**	**(5,322,225)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	1,013,848	1,013,848
Issue of treasury shares	-	-	-	-	-	-	-	17,785	17,785
Dividend paid	-	-	-	-	-	-	-	(32,785)	(32,785)
As at 31 December 2019	**59,775,954**	**(29,415,614)**	**(2,600,374)**	**3,095,100**	**(3,931,129)**	**25,742,832**	**52,666,769**	**9,067,907**	**61,734,676**

** Prior period numbers have been restated to recognise the impact of AASB 16 Leases to provide consistency with the current presentation.*

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

Consolidated Statement of Cash Flows

For the reporting period ended 31 December	2019	2018 Pre-AASB16	AASB16 Adjustment	2018 Restated
Cash flows from operating activities	$	$	$	$
Receipts from customers	60,577,552	60,813,344	-	60,813,344
Payments to suppliers and employees	(69,606,739)	(67,996,710)	1,937,511	(66,059,199)
Interest received	63,030	32,268	-	32,268
Interest paid	(456,687)	(246,357)	-	(246,357)
Income tax paid	(202,616)	(2,297)	-	(2,297)
Net cash outflow from operating activities	**(9,625,460)**	**(7,399,752)**	**1,937,511**	**(5,462,241)**
Cash flows from investing activities				
Net cash inflow for NC31 and NC47 projects	-	16,337,584	-	16,337,584
Net cash inflow from disposal of Juice Capital	-	585,296	-	585,296
Net cash inflow from disposal of Sun Connect	1,477,000	-	-	-
Net cash outflow for Joint Venture contributions	(16,388)	(377,398)	-	(377,398)
Net cash outflow for acquisition of DDLS Australia	-	(2,100,000)	-	(2,100,000)
Net cash (outflow) / inflow for intangible assets	(77,356)	84,357	-	84,357
Net cash inflow / (outflow) for other non-current assets	587,417	(42,196)	-	(42,196)
Purchase of property, plant & equipment	(375,306)	(394,764)	-	(394,764)
Net cash inflow from investing activities	**1,595,367**	**14,092,879**	**-**	**14,092,879**
Cash flows from financing activities				
Proceeds from related party loans	311,657	371,297	-	371,297
Proceeds from borrowings	551,529	1,129,607	-	1,129,607
Repayment of borrowings	(166,004)	(5,834,798)	-	(5,834,798)
ROU lease payments	(2,733,790)	-	(1,937,511)	(1,937,511)
Dividends and distributions paid	(99,412)	(474,512)	-	(474,512)
Net cash outflow from financing activities	**(2,136,020)**	**(4,808,406)**	**(1,937,511)**	**(6,745,917)**
Net (decrease) / increase in cash and cash equivalents	(10,166,113)	1,884,721	-	1,884,721
Effect of foreign currency translation	(31,715)	(586,558)	-	(586,558)
Cash and cash equivalents at the beginning of the period	17,573,491	5,255,287	-	5,255,287
Cash and cash equivalents at the end of the period	**7,375,663**	**6,553,450**	**-**	**6,553,450**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Reporting entity

Arowana International Limited (the "Company") is a company incorporated and domiciled in Australia. The address of the Company's registered office is Level 11, 153 Walker Street, North Sydney, NSW, 2060. The financial report includes financial statements for Arowana International Limited as a consolidated entity consisting of Arowana International Limited and its controlled entities (together referred to as "Group").

2. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Arowana International Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

During the half-year ended 31 December 2019, the Group recorded a loss after tax from continuing operations of $5,427,480 (2018: loss of $8,674,874) and cash outflows from operations of $9,625,460 (2018: cash outflows from operations of $5,462,241). The Group's net current asset position has declined from the position at 30 June 2019, such that there is a current asset surplus of $2,496,550 at 31 December 2019 (30 June 2019: surplus of $7,271,986).

Key contributors to the loss for the period included the following:

- Non-recurring restructuring, remuneration and professional fees ($1.2 million) incurred by VivoPower primarily in connection with a cost reduction programme for the business;
- Non-recurring operating expenditure incurred by EdventureCo in connection with the expansion of DDLS into the Philippines in partnership with Aboitiz Equity Ventures ($0.8 million);
- Non-recurring operating and project expenditure incurred by EdventureCo primarily in connection with due diligence on potential acquisitions, development of its new cyber-security product suite, upgrade of systems implementation and other non-recurring expenditure ($0.8 million);
- Continued investment into the growth of the Australian Special Income Opportunities Fund, which remains sub-scale at the date of this report;
- Non-cash amortisation of identifiable intangibles ($0.8 million) following acquisition of DDLS and Aevitas (supply contracts, customer relationships, course development etc); and

- Tax expense of $1.6 million primarily incurred in connection with the Aevitas group's material operating profits for the period.

Notwithstanding the above, the Group is forecasting a return to profitability in the short to medium term due to the following:

- VivoPower's Critical Power Services group, Aevitas, continues to build momentum, underpinning revenue growth of 79% for the period and a return to profitability (statutory EBITDA of $4.2 million against a loss of $3.6 million in the previous period). Aevitas continues to capitalise on tailwinds in the solar, data storage and healthcare sectors, has expanded into some new industry sectors and expects to continue to grow revenues and earnings going forward;
- VivoPower is continuing to pursue a value maximisation strategy in relation to its 50% stake in its 1.8GW ISS JV, with a view to monetisation within the next 12 months. Proceeds from the sale of this portfolio will be redeployed towards earnings-accretive initiatives within the VivoPower group;
- EdventureCo, the Group's education platform, invested heavily for growth during the period, particularly within its ITC training business, DDLS. The first international campus for DDLS was successfully launched in the Philippines as part of EdventureCo's expansion strategy into the ASEAN region. Furthermore, a new cybersecurity product offering was developed and launched under its consumer-facing brand, the Australian Institute of ICT. The Group also invested heavily in its sales transformation strategy during the period. The focus on H2 FY2020 will be on driving organic growth across the group and capitalising on the investments made into these aforementioned revenue generation capabilities;
- The Group completed a strategic review of Arowana Funds Management during the period, such that the strategic focus is now on fund products with higher margin potential that are less commoditised in large and growing addressable markets with stable regulatory environments. Further rationalisation of this division's cost base is expected to result in margin improvement within the short term; and
- The Group continues to actively monitor and optimise its overhead base across each of its operating businesses.

With regard to liquidity, the Group manages its short-term cash flow requirements by maintaining adequate working capital finance facilities, including trade debtor finance facilities recently secured by VivoPower and EdventureCo, and through the normal cyclical nature of receipts and payments. As disclosed in note 17 to these financial statements, the Group also successfully completed a redeemable convertible note issue subsequent to balance date (10 February 2020) which raised gross proceeds of $3.6 million and materially improved its net current asset position.

The Board has approved budgets and five-year strategy execution plans for the underlying operating businesses which indicate that the Group can manage its working capital requirements without being reliant on events which are subject to material uncertainty.

In consideration of the above, the Directors have a reasonable expectation that the Group will be able to meet its debts as and when they fall due and have adopted the going concern basis in the preparation of these financial statements.

These interim financial statements were authorised for issue on 26 February 2020.

Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for the impact of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current half-year.

There have been no new and revised standards that have had a significant impact on the measurement or disclosure requirements of the Group.

Change in classification

Comparatives restated for adoption of AASB 16 Leases

Effective for annual reporting periods commencing after 1 January 2019, AASB 16 *Leases* replaced the previous accounting requirements applicable to leases in AASB 117 *Leases*. AASB 16 introduced a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The Group elected to early-adopt AASB 16 Leases from 1 July 2018, however this election was made subsequent to the preparation and publication of its Interim Financial Report for the half-year ended 31 December 2018. As such, the Interim Financial Statements for the half-year ended 31 December 2018 did not include the impact of the adoption of AASB 16. The comparative Interim Financial Statements have therefore been restated to reflect the impact of early adoption of AASB 16 *Leases*.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

The following estimates, assumptions and judgements have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial reporting period.

Impairment of goodwill and intangible assets

The Group tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually. Goodwill and intangible assets are identified across the cash-generating unit to which they relate. The recoverable amount of each cash-generating unit is determined using a value-in-use calculation, which requires the use of estimates. Based on this impairment test, impairment losses, if any, are identified. However, should the actual performance of a cash-generating unit become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have a material effect on the carrying amount of the intangible asset.

Impairment assessment – investments and other financial assets

The Group has a number of investments and financial assets initially recorded at cost or under the equity method. Investment assets are monitored for any indicators of impairment and where indicators are present impairment assessment is undertaken, which requires the use of estimates.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgements, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

Income taxes

The Group has recorded a deferred tax asset of $9,415,033 (30 June 2019: $9,726,362) and a deferred tax liability of $5,657,501 (30 June 2019: $5,800,082). The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the deferred tax asset on, amongst other items, tax losses carried-forward. There are many uncertain factors that influence the amount of the tax losses carried-forward. The Group recognises deferred tax assets on tax losses carried-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the Consolidated Statement of Profit or Loss and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences as well.

Based on the Group's Board-approved strategy execution plans and budgets, the Directors believe it is probable that the Group will generate sufficient future taxable profits to utilise the tax losses brought to account. Subject to meeting the requisite continuity of ownership and business tests, these losses can be carried forward indefinitely and have no expiry date.

3(a) Revenue

For the reporting period ended 31 December	2019	2018
	$	$
Renewable energy services	45,824,695	26,407,188
Education services	21,110,084	21,232,705
Funds management revenue	498,086	555,993
Gain on disposal of Sun Connect [1]	589,760	-
Gain on disposal of Vivo Rex [2]	607,723	-
Other revenue	688	3,050
Total revenue	**68,631,036**	**48,198,936**

[1] Representing gain on disposal of SC OCo Pty Limited. Refer to note 7(a) for further details.

[2] Representing gain on disposal of VivoRex LLC as a result of the divestment of onerous contract obligations

3(b) Other income / (expenses)

For the reporting period ended 31 December	2019	2018
	$	$
Other income / (expenses)		
Foreign exchange gains / (losses)	170,222	223,957
Total other income / (expenses)	**170,222**	**223,957**

4. Expenses

(a) Cost of sales

For the reporting period ended 31 December	2019	2018
	$	$
Commission	257,555	145,356
Contractors	856,951	1,179,433
Depreciation	-	61,503
Employee expenses	13,792,078	10,417,325
Equipment	20,175	141,888
Materials	33,905,474	21,030,001
Motor vehicle	426,570	314,101
Occupancy	170,402	417,575
Travelling	-	26,950
Others	402,390	601,563
	49,831,595	**34,335,695**

(b) Administration costs

For the reporting period ended 31 December	2019	2018
	$	$
Due diligence fees	475,276	238,503
Legal and professional	2,455,862	2,777,095
Compliance and governance	303,197	301,465
Research expenses	203,125	403,630
Loss on disposal of fixed assets	19,518	-
Loss on disposal of investments	3,983	-
Others	578,111	629,885
	4,039,072	**4,350,578**

5. Segment reporting

Identification of reportable operating segments

The Group is currently organised into four Divisions - the Enterprise Office, Renewable Energy, Education (formerly 'Operating Companies') and Funds Management Divisions as defined below.

Types of services

The principal products and services of each of these operating segments are as follows:

- **Enterprise Office** – is the designated investment entity and provides strategic, operational, financial and human resources support to the operating entities within the Group;
- **Renewable Energy** – VivoPower is an international solar power developer and critical power services company;
- **Education** – EdventureCo is the Group's education business, delivering building, construction, IT & communication training programmes to students throughout Australia and in the Philippines; and
- **Funds Management** – manages listed and unlisted funds.

Other Segment information

Segment revenue - Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss. The revenue from external customers is derived from the provision of services through the operating companies associated with education, solar project development, critical power services, funds management and training and events.

Segment assets - The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These assets are allocated based on the operations of the segment and its holding entities, and the physical location of the asset.

Segment liabilities - The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These liabilities are allocated based on the operations of the segment.

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

For the half-year ended 31 December 2019	Enterprise Office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia/Asia)	Funds Management (Australia/UK)	Total	Intersegment Eliminations	Consolidated
Segment reporting	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue							
Goods and services transferred at a point in time	-	-	389,089	-	389,089	-	389,089
Services transferred over time	-	45,731,491	20,707,150	498,086	66,936,727	-	66,936,727
Sales to external customers	-	45,731,491	21,096,239	498,086	67,325,816	-	67,325,816
Intersegment sales	1,663,400	-	-	-	1,663,400	(1,663,400)	-
Total sales revenue	1,663,400	45,731,491	21,096,239	498,086	68,989,216	(1,663,400)	67,325,816
Interest revenue	1,211,935	4,033	2,263	494,097	1,712,328	(1,604,104)	108,224
Other income	313,659	1,290,687	13,844	211,726	1,829,916	(524,696)	1,305,220
Total revenue	**3,188,994**	**47,026,211**	**21,112,346**	**1,203,909**	**72,531,460**	**(3,792,200)**	**68,739,260**
Segment result	(1,601,719)	4,233,053	(172,331)	(417,924)	2,041,079	(1,881,175)	159,904
Depreciation and amortisation	226,079	1,198,758	1,852,008	-	3,276,845	-	3,276,845
Finance costs	22,946	2,357,488	163,114	582	2,544,130	(1,881,175)	662,955
Profit / (loss) before income tax – continuing operations	(1,850,744)	676,807	(2,187,453)	(418,506)	(3,779,896)	-	(3,779,896)
Income tax expense/(benefit)	1,127,981	1,301,391	(656,236)	(125,552)	1,647,584	-	1,647,584
Profit / (loss) after income tax – continuing operations	(2,978,725)	(624,584)	(1,531,217)	(292,954)	(5,427,480)	**-**	(5,427,480)
Segment assets							
Operating assets	112,589,032	98,282,641	85,146,044	106,259,556	402,277,273		
Elimination within segment	-	-	(31,257,963)	(52,883,875)	(84,141,838)		
Reportable segment assets	**112,589,032**	**98,282,641**	**53,888,081**	**53,375,681**	**318,135,435**	**(194,977,942)**	**123,157,493**
Segment liabilities							
Operating liabilities	19,004,991	91,886,787	35,901,324	2,770,412	149,563,514		
Elimination within segment	-	-	-	(357,223)	(357,223)		
Reportable segment liabilities	**19,004,991**	**91,886,787**	**35,901,324**	**2,413,189**	**149,206,291**	**(87,783,474)**	**61,422,817**

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

For the half-year ended 31 December 2018	Enterprise Office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia)	Funds Management (Australia)	Total	Intersegment Eliminations	Consolidated
Segment reporting	$	$	$	$	$	$	$
Revenue							
Goods and services transferred at a point in time	-	-	514,064	-	514,064	-	514,064
Services transferred over time	-	26,343,743	20,427,222	555,993	47,326,958	-	47,326,958
Sales to external customers	-	26,343,743	20,941,286	555,993	47,841,022	-	47,841,022
Intersegment sales	2,551,357	-	-	-	2,551,357	(2,551,357)	-
Total sales revenue	2,551,357	26,343,743	20,941,286	555,993	50,392,379	(2,551,357)	47,841,022
Interest revenue	1,131,740	1,732	7,592	495,431	1,636,495	(1,534,217)	102,278
Other income	21,653	63,445	291,419	211,726	588,243	(230,329)	357,914
Total revenue	**3,704,750**	**26,408,920**	**21,240,297**	**1,263,150**	**52,617,117**	**(4,315,903)**	**48,301,214**
Segment result	549,172	(3,615,038)	1,645,344	(980,802)	(2,401,324)	(2,043,359)	(4,444,683)
Non-recurring items							
Depreciation and amortisation	214,733	1,032,848	2,341,733	-	3,589,314	-	3,589,314 *
Finance costs	37,164	2,210,860	220,488	-	2,468,512	(1,755,359)	713,153 *
Profit / (loss) before income tax – continuing operations	297,275	(6,858,746)	(916,877)	(980,802)	(8,459,150)	(288,000)	(8,747,150) *
Income tax benefit	-	(72,276)	-	-	(72,276)	-	(72,276)
Profit / (loss) after income tax – continuing operations	**297,275**	**(6,786,470)**	**(916,877)**	**(980,802)**	**(8,386,874)**	**(288,000)**	**(8,674,874)**
As at 30 June 2019							
Segment assets							
Operating assets	113,929,397	108,742,274	82,292,611	105,405,812	410,370,094		
Elimination within segment	-	-	(31,257,963)	(52,526,652)	(83,784,615)		
Reportable segment assets	**113,929,397**	**108,742,274**	**51,034,648**	**52,879,160**	**326,585,479**	**(191,922,036)**	**134,663,443**
Segment liabilities							
Operating liabilities	18,570,865	102,185,678	31,532,725	1,465,379	153,754,67		
Elimination within segment	-	-	-	-	-		
Reportable segment liabilities	**18,570,865**	**102,185,678**	**31,532,725**	**1,465,379**	**153,754,647**	**(85,149,257)**	**68,605,390**

* *Prior period numbers have been restated to recognise the impact of AASB 16 Leases to provide consistency with the current presentation.*

6. Trade and other receivables and contract assets

As at	31 Dec 2019	30 Jun 2019
	$	$
Trade debtors [1]	2,819,799	3,138,291
Contract assets	6,189,449	8,632,195
Accrued interest	9,356	(5,384)
Sundry debtors	115,857	251,287
Other accrued income	316,967	902,257
	9,451,428	**12,918,646**

[1] *As at 31 December 2019, 54% ($1,522,691) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 46% ($1,297,108) outstanding between 60 to 365 days and deemed past due but not impaired.*

7. Assets held-for-sale and discontinued operations

(a) Discontinued operations

Sun Connect solar portfolio asset ("Sun Connect")

Further to a strategic review conducted by VivoPower during the year ended 30 June 2018, a decision was made to realise certain non-core assets within its Australian solar project portfolio in order to release capital. In this context, the Sun Connect solar portfolio was classified as held-for-sale in the Group's Statement of Financial Position at 30 June 2018 and 30 June 2019.

On 23 October 2019, VivoPower sold its 100% interest in SC OCo Pty Limited, the entity which owned the Sun Connect solar portfolio, for gross proceeds of $1.5 million. Sun Connect has therefore been treated as a discontinued operation for the period from 1 July 2019 through to 23 October 2019 for the purposes of the Group's financial statements in the current year.

The financial performance of the discontinued operation, which is included in profit/(loss) from discontinued operations per the Consolidated Statement of Profit or Loss, is as follows:

Discontinued operation – Sun Connect	31 Dec 2019
	$
Revenue	121,236
Expenses	(58,493)
Profit before income tax	**62,743**
Income tax expense	-
Profit after tax attributable to the discontinued operation	**62,743**

7. Assets held-for-sale and discontinued operations (continued)

(a) Discontinued operations (continued)

The net cash flows of the discontinued operation, which have been incorporated into the Consolidated Statement of Cash Flows, are as follows:

Discontinued operation – Sun Connect	31 Dec 2019	31 Dec 2018
	$	$
Net cash inflow / (outflow) from operating activities	112,096	(5,930)
Net cash inflow / (outflow) from investing activities	53,355	(400)
Net cash (outflow) / inflow from financing activities	-	-
Net increase / (decrease) in cash generated by the discontinued operation	**165,451**	**(6,330)**

Cash proceeds of $1,477,000, were received from the disposal of Sun Connect. All cash proceeds were received by 11 November 2019 and there is no deferred consideration receivable. The resultant net profit on disposal of $589,760 has been incorporated within revenue in the Consolidated Statement of Profit or Loss for the period ended 31 December 2019.

The amounts of the assets and liabilities in Sun Connect at the date of disposal, summarised by each major category, are as follows:

Assets and liabilities	31 Dec 2019 $
Cash and cash equivalents	2
Trade and other receivables	2,391
Identifiable intangible assets	1,034,156
Deferred revenue	(90,515)
Borrowings	(58,794)
Fair value of identifiable net assets sold	**887,240**
Consideration:	
Cash consideration received	1,477,000
Net gain on disposal	**589,760**

7. Assets held-for-sale and discontinued operations (continued)

Thermoscan Inspection Services Pty Limited ("Thermoscan")

During the year ended 30 June 2018, the Board determined that the operations of Thermoscan were no longer in line with the future strategy and direction of the Group and therefore committed to a plan to pursue an orderly prospective exit from the business. As such, the assets and liabilities of Thermoscan were classified as held-for-sale at 30 June 2018 and the business was treated as a discontinued operation for the purposes of the Group's financial statements for the year ended 30 June 2018 and for subsequent reporting periods.

On 1 May 2019, the Company sold its 100% interest in Thermoscan for gross proceeds of $6 million. Thermoscan has therefore also been treated as a discontinued operation for the period from 1 July 2018 through to 31 December 2018 for the purposes of the Group's comparative financial statements.

The financial performance of the discontinued operation, which is included in profit from discontinued operations per the Consolidated Statement of Profit or loss, is as follows:

Discontinued operation - Thermoscan	31 Dec 2019	31 Dec 2018
	$	$
Revenue	-	1,521,159
Expenses	-	(1,100,739)
Profit before income tax	**-**	**420,420**
Income tax expense	-	-
Profit after tax attributable to the discontinued operation	**-**	**420,420**

The net cash flows of the discontinued operation, which have been incorporated into the Consolidated Statement of Cash Flows, are as follows:

Discontinued operation - Thermoscan	31 Dec 2019	31 Dec 2018
	$	$
Net cash inflow from operating activities	-	135,967
Net cash outflow from investing activities	-	(41,043)
Net cash outflow from financing activities	-	(17,853)
Net increase in cash generated by the discontinued operation	**-**	**77,071**

7. Assets held-for-sale and discontinued operations (continued)

(b) Assets classified as held-for-sale

VivoPower ISS JV – Assets held-for-sale

Pursuant to a strategic review, VivoPower has commenced a sale process for its 50% share in Innovative Solar Ventures 1 LLC, a joint venture with US-based solar developer, Innovative Solar Systems (ISS). Total assets and liabilities of the Group's investment in the ISS JV (net assets totalling $17.7 million as at 31 December 2019), previously disclosed as an equity-accounted investment, have therefore been classified as held-for-sale assets and liabilities in the Group's Statement of Financial Position. The Board expects the sale process to complete within 12 months of the date of this report.

A summary of the assets and liabilities directly related to the VivoPower ISS JV, classified as assets held-for-sale, is set out below.

Assets held-for-sale and directly associated liabilities	31 Dec 2019	30 Jun 2019
	$	$
Non-current assets		
Investments accounted for using equity method	19,311,384	19,292,108
Total assets	**19,311,384**	**19,292,108**
Current liabilities		
Trade and other payables	1,589,643	1,589,643
Total liabilities	**1,589,643**	**1,589,643**
Net assets	**17,721,741**	**17,702,465**

8. Investments accounted for using the equity method

The Group has the following investments accounted for using the equity method:

As at	31 Dec 2019	30 Jun 2019
	$	$
Viento Group Limited	313,966	316,554
	313,966	**316,554**

Ownership details for investments using the equity method are outlined below:

		Percentage interest	
		31 Dec 2019	30 Jun 2019
Associate / Joint venture	Principal activities	%	%
Viento Group Limited	Investment holding company	31.8	31.8

8. Investments accounted for using the equity method (continued)

Movements for investments using the equity method during the period are outlined below:

	Viento Group Limited	Total
	$	$
Opening balance, 1 July 2019	**316,554**	**316,554**
Share of profit / (loss) of associated entities	(2,588)	(2,588)
Ending balance at 31 December 2019	**313,966**	**313,966**

9. Other non-current assets

As at	31 Dec 2019	30 Jun 2019
	$	$
LTVCP loans	279,000	279,000
Security deposit	2,071,991	1,775,622
	2,350,991	**2,054,622**

10. Intangible assets

(a) Reconciliation of movement in intangible assets

	Goodwill	Trade name	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and Trademark	Total
As at 31 December 2019	$	$	$	$	$	$	$	$	$	$	$
Cost	33,096,390	4,597,000	8,075,000	5,702,000	536,814	1,083,722	2,246,383	85,697	4,094	13,645	55,440,745
Accumulated amortisation/impairment	(550,000)	(832,539)	(3,214,817)	(1,712,000)	-	(956,002)	(2,246,383)	(48,740)	-	-	(9,560,481)
Carrying value	**32,546,390**	**3,764,461**	**4,860,183**	**3,990,000**	**536,814**	**127,720**	**-**	**36,957**	**4,094**	**13,645**	**45,880,264**
Movement for the half-year ended 31 December 2019											
Opening balance – carrying value – 1 July 2019	**32,546,390**	**3,904,221**	**5,153,332**	**4,275,000**	**296,740**	**181,957**	**-**	**45,574**	**6,219**	**26,254**	**46,435,687**
Other additions	-	-	-	-	240,074	16,859	-	-	-	-	256,933
Disposals	-	-	-	-	-		-	-	(2,125)	(12,609)	(14,734)
Amortisation provision during the period	-	(139,760)	(293,149)	(285,000)	-	(71,096)	-	(8,617)	-	-	(797,622)
Net book amount 31 Dec 2019	**32,546,390**	**3,764,461**	**4,860,183**	**3,990,000**	**536,814**	**127,720**	**-**	**36,957**	**4,094**	**13,645**	**45,880,264**

10. Intangible assets (continued)

(b) Allocation of goodwill

Goodwill as at 31 December 2019 can be allocated to the various cash-generating units ("CGUs") as follows:

Cash-generating unit	$
Education division – EdventureCo Trades	6,852,566
Education division – DDLS Pty Ltd	1,164,779
Renewable energy division – VivoPower Pty Ltd	1,911,268
Renewable energy division – Aevitas Group Ltd	22,617,777
Total goodwill	**32,546,390**

11. Trade and other payables and contract liabilities

As at	31 Dec 2019 $	30 Jun 2019 $
Current		
Trade creditors	12,286,804	10,435,029
Accrued expenses	5,461,133	8,805,827
Deferred income	1,461,975	1,232,262
Contract liabilities	10,278,081	20,906,518
Payroll liabilities	777,229	2,194,350
GST payable	1,607,967	1,732,208
Other payables	2,144,479	297,243
	34,017,668	**45,603,437**

12. Interest bearing liabilities

As at	31 Dec 2019 $	30 Jun 2019 $
Current		
Lease liabilities – right-of-use assets [a]	3,559,178	2,908,410
Trade debtor financing [b]	1,419,932	1,282,984
	4,979,110	**4,191,394**
Non-current		
Lease liabilities – right-of-use assets [a]	7,543,358	4,868,401
Term loans from a related party [c]	311,657	-
	7,855,015	**4,868,401**
Total interest-bearing liabilities	**12,834,125**	**9,059,795**

(a) *Lease liabilities are leases secured against lease agreements and, where applicable, underlying assets financed.*

(b) *Representing drawn proportion of VivoPower's $5 million debtor finance facility, secured by a fixed charge over the Aevitas Group debtors' book and floating charge over all other assets of J.A. Martin Electrical Pty Limited and Kenshaw Electrical Pty Limited.*

(c) *Representing unsecured loan from Contrarian Value Fund Limited ("CVF)" at 5.5% per annum. CVF is a related party via a common director.*

13. Dividends paid

There were no dividends paid during the period.

14. Capital commitments

There were no capital commitments as at 31 December 2019.

15. Contingent assets

The Company has no contingent assets as at 31 December 2019.

16. Contingent liabilities

There have been no significant changes to the contingent liabilities presented in the annual report for the year ended 30 June 2019, as at 31 December 2019.

17. Events occurring after the reporting period

On 10 February 2020, the Company announced the successful completion of a redeemable convertible note issue, raising gross proceeds of $3.55 million from family offices and other professional and sophisticated investors. Key terms of the convertible notes are as follows:

- Number issued – 5,925,000 redeemable convertible notes with a face value of $0.60 each;
- Coupon – 8.00% per annum, payable semi-annually;
- Maturity date – 36 months from date of issue;
- Conversion – Convertible into ordinary shares on a ratio of 1:4 at election of holder;
- Redemption (Holder) – May redeem face value in cash after 31 December 2020 within specified, bi-annual redemption windows; and
- Redemption (Issuer) – May redeem face value in cash, at a 10% premium, after 31 December 2020 within specified, bi-annual redemption windows.

Proceeds from the redeemable convertible note issue will be applied by the Company towards investments which are consistent with its business objectives including general working capital to fund organic growth, as well as potential accretive bolt-on acquisitions and to meet the costs of the capital raise.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group and Company, the results of those operations, or the state of affairs of the Group and Company in future financial periods.

18. Controlled entities

In addition to the controlled entities disclosed in the 30 June 2019 annual financial statements, below are the details of new entities that form part of the Group during the period.

Name of Entity	Country of incorporation	Class of shares	31 Dec 2019 %
Courseware Market Holdings Pty Ltd	Australia	Ordinary	100
Courseware Market Pty Ltd	Australia	Ordinary	100
Organisational Plasticity Institute Pty Ltd	Australia	Ordinary	50
Daisy Hill Solar Farm Pty Ltd *	Australia	Ordinary	36

* This entity is under the control of a wholly-owned subsidiary of VivoPower International PLC and is therefore treated as a subsidiary for the purposes of the consolidated financials of Arowana International Limited.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements comprising the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying Notes to the Consolidated Financial Statements are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

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.

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

Kevin Chin

Executive Chairman and Chief Executive Officer

Brisbane, 26 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Arowana International Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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 Arowana International 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 2019, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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

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believe that the half-year 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 2019 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 the auditor of Arowana International 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.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

26 FEBRUARY 2020
BRISBANE

Arowana International Limited and its Controlled Entities

For the half-year ended 31 December 2019

Corporate Directory

Corporate Directory

Directors	Mr Kevin Chin (Executive Director and CEO) Mr Robert McKelvey (Non-Executive Director) Mr Eduardo Fernandez (Non-Executive Director)
Company Secretary	Mr Cameron Fellows
Principal registered office in Australia	Level 11, 153 Walker Street North Sydney NSW 2060
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Legal Adviser	Watson Mangioni Lawyers Pty Limited 23/858 Castlereagh Street Sydney NSW 2000
Stock Exchange	Australian Securities Exchange AWN – Ordinary Shares
Website	www.arowanaco.com