AWN HOLDINGS LIMITED

ACN 103 472 751

27 August 2020

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

Subject: Annual Report for Year Ended 30 June 2020 and Appendix 4E

The Directors of AWN Holdings Limited (ASX: AWN) are pleased to release the Annual Report and Appendix 4E for the year ended 30 June 2020. The accompanying Investor Presentation will be released as a separate announcement.

On behalf of the Board of AWN,

Cameron Fellows
Company Secretary

AWN Holdings Limited and its Controlled Entities (AWN)

ACN 103 472 751

Appendix 4E - Preliminary Final Report for the year ended 30 June 2020

(Previous corresponding period: year ended 30 June 2019)

1.1.1. Results for Announcement to the Market

				2020 A$	2019 A$
Revenue from continuing operations	up	6%	to	116,509,443	109,549,289
Loss after tax from continuing operations attributable to members	down	15%	to	(8,756,608)	(7,603,948)
Profit after tax from discontinued operations attributable to members	down	95%	to	37,850	713,517
Net loss for the year attributable to members	down	27%	to	(8,718,758)	(6,890,431)

The Directors have not declared a final dividend in respect of the year ended 30 June 2020 (30 June 2019: NIL).

1.1.2. Brief explanation necessary to enable the figures to be understood:

Please refer to attached Annual Report for the year ended 30 June 2020.

AWN HOLDINGS LIMITED

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period [1]
From continuing and discontinued operations combined		
Basic EPS	(22.05) cents	(17.40) cents
Diluted EPS	(22.05) cents	(17.40) cents

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, earnings per share for the comparative period has been restated.

NTA backing	Current Period	Previous Corresponding Period [1]
Net tangible asset backing per ordinary security	13.1 cents	39.7 cents

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, net tangible assets per share for the comparative period has been restated.

1.1.3. Additional information:

For additional information required under listing rule 4.3A, please refer to the attached Annual Report for the year ended 30 June 2020.

1.1.4. Commentary on the Results for the Period:

For commentary on the results of AWN for the year ended 30 June 2020, please refer to the attached Annual Report, including the Chairman's & CEO's Letter.

1.1.5. Audit/Review Status

This report is based on accounts that have been audited by PKF Brisbane Audit.

1.1.6. Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Annual Report for the year ended 30 June 2020

Cameron Fellows
Company Secretary
27 August 2020

AWN Holdings Limited *(formerly Arowana International Limited)* and its Controlled Entities

ACN 103 472 751

Annual Report for the year ended 30 June 2020

AWN Holdings Limited and its Controlled Entities

ACN 103 472 751

Annual Report for the year ended 30 June 2020

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Chairman’s & CEO’s Letter

Dear Fellow Shareholders,

27 August 2020: The Company has delivered another year of growth in FY2020 despite disruptions in the last quarter due to COVID-19 related lockdowns with the following key financial highlights:

- Consolidated statutory revenues of $116.5m, representing a new record and an increase of 6% on the previous financial year;
- Statutory EBITDA loss of $4.6m but a material improvement in underlying EBITDA (prior year loss of $5.1m improving to a current year profit of $4.8m);

In addition, to the above, we completed the following:

- Secured shareholder approval for a share consolidation on a 4 for 1 basis in June 2020;
- Obtained shareholder approval for a name change to AWN Holdings Limited (AWN) in June 2020; and
- Completed a $3.55m convertible note raising in February 2020, prior to the COVID-19 lockdowns.

FY2020 in Review

For FY2020, we set our annual enterprise objectives to be as follows:

- VivoPower International PLC (VivoPower) – return to profitability and crystallise intrinsic portfolio value;
- EdventureCo Group – continue to drive profitable growth into new geographic and product markets;
- Arowana Funds Management – rebrand to Arowana Impact Capital to align with our B Corp status and redomicile HQ to Singapore in order to grow addressable market;
- B Corp Governance – continue to increase our B Corp score;
- ArowanaU – launch the Organisational Plasticity Institute joint venture with Dr. Tara Swart and achieve profitability; and
- Enterprise Office – continue to drive sustainable recurring revenue-generating initiatives that will transform Enterprise Office into a profit centre.

We delivered on 4 out of the 6 strategic objectives above during FY2020 despite a year where the last four months were hamstrung by COVID-19 related lockdowns. However, we were not able to deliver on the last 2 objectives and as a result, as announced in June 2020 will progressively move ArowanaU and Enterprise Office out of AWN by 30 June 2021, in order to deliver further cost savings.

- VivoPower delivered a 20% increase in consolidated statutory revenue to a record $73.7m and a material improvement in consolidated statutory EBITDA to a loss of $1.7m (versus an EBITDA loss of $7.2m in FY2019). Underlying consolidated EBITDA improved to a profit of $5.9m (versus an EBITDA loss of $5.3m in FY2019). This was largely attributable to a strong year of growth for Aevitas, the critical power services division in Australia. Results would have been stronger but for delays in scheduled works caused by COVID-19. VivoPower was also able to crystallise some of its solar portfolio with the sale of Sun

Connect in Australia, resulting in a 2x multiple on invested capital. However, it was not able to reach alignment with its joint venture partner on any solar project sales in the United States, despite continuing to field offers for projects within the portfolio as well as the whole portfolio. Furthermore, following a comprehensive review, VivoPower has had to abandon 237MW of projects and place on hold 492MW. This prompted VivoPower to exercise its right to assume management control of the JV and initiate legal discussions with VivoPower's US joint venture partner, Innovative Solar Systems (ISS), the manager and developer under the terms of the JV agreement. Post balance date, the VivoPower team has been in control of the management and development of the portfolio. VivoPower subsequently received a proposal from ISS where they offered to transfer ownership of their 50% of the joint venture portfolio to VivoPower for US$1 consideration, which would have resulted in an increase in its portfolio size by 74% to circa 1.6 GW (or by 28% to 1.2 GW excluding projects put on hold), if the offer had been accepted. However, the offer is conditional upon VivoPower foregoing any rights to future claims against ISS and at the time of writing, negotiations are ongoing.

VivoPower has also decided to expand into the commercial electric vehicle (EV) and battery storage markets. The decision to expand into EV was driven by interest from VivoPower's existing customer base. VivoPower expects to initially focus on providing light EVs to customers in the mining and infrastructure sectors in Australia, before expanding globally in these sectors. The light commercial vehicle fleet market (encompassing pick-up trucks) is worth an estimated $17 billion in Australia alone, with the majority of the market represented by the mining and infrastructure sectors. VivoPower's EV strategy will be differentiated in that in comprises of a holistic, three-pronged sustainable energy solution to customers, which will include:

- EV and battery leasing;
- Critical power retrofits of premises (e.g. warehouses and depots) to enable optimised EV battery charging and microgrids; and
- EV battery second life applications.

We are excited to be supporting VivoPower's journey on a customer driven EV strategy that encompasses the provision of a total sustainable energy solution for an electric vehicle future, drawing upon its expertise in critical power services and its newly established battery technology division. There are over 700 active customers in VivoPower's Aevitas business unit, many of whom have significant light commercial vehicle fleets which are powered by high cost diesel and the economic case for electrification is already compelling. VivoPower expects to share a number of updates over the coming months in relation to this new strategy.

EdventureCo's results were adversely affected by COVID-19 lockdowns, with statutory revenue down 3% to $41.5m and statutory EBITDA down 50% to $2.4m. Underlying EBITDA was down 24% in comparison to the prior year to $4.2m. Physical classroom delivery was abruptly halted in Australia and the Philippines from March 2020 as a result of government mandated lockdowns. The EdventureCo leadership team was able to swiftly migrate all course offerings to online delivery, but the adoption ramp-up time meant that this was not able to absorb the shortfall in revenue and earnings from physical classroom delivery.

Arowana Funds Management (AFM) remains a significantly smaller business unit when compared to VivoPower and EdventureCo. It contributed lower revenue and EBITDA losses in FY2020 as compared to the previous financial year. Base management fee revenue decreased by 20% to $1.0m reflecting a decline in funds under management for Arowana Contrarian Value Fund (ACVF). As a result, total funds under management (FUM) declined marginally to $130m. An underlying EBITDA loss of $2.1m was incurred in FY2020 primarily as a result of high operating costs associated with the private credit fund, Arowana Australian Special Income Opportunities Fund (ASIOF). There were minimal costs involved with establishing and scaling up Arowana Impact Capital (AIC) internationally and whilst there have been promising capital raising developments with both sustainable and venture funds, more capital will need to be invested in future to further scale up AIC. Given the current economic climate as well as increasing costs of compliance and fee compression in the Australian funds management industry and the capital required to scale up AIC further, the board is conducting a strategic review of AFM to assess whether it fits within AWN.

FY2021 Enterprise Objectives

For FY2021, we have set our annual enterprise objectives to be as follows:

- VivoPower – complete hyperturnaround and execute on strategic pivot
- EdventureCo Group – drive digital transformation and return to revenue and profit growth
- Arowana Funds Management – complete strategic review and execute on decision
- B Corp Governance – improve our B Corp impact score to above 100
- ArowanaU – move cost base out of AWN
- Enterprise Office – move cost base out of AWN

Final Remarks

In closing, I would like to take this opportunity to thank our team as they have continued to work hard on various fronts turning around and/or scaling up companies and funds, overcoming challenges and roadblocks in the process, especially during this COVID-19 lockdown affected year. I would also again like to thank our fellow shareholders for their investment in Arowana and for their continued patience. We will continue to strive to deliver value to them over the long term.

Yours sincerely

Kevin Chin
Executive Chairman and Chief Executive Officer

Corporate Governance Statement

AWN Holdings Limited (the "**Company**" or "**AWN**") and its controlled entities (together "**Group**") is committed to operating effectively and in the best interests of its shareholders, workers, community, environment and customers. The Group had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2020 and has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council's Principles and Recommendations and this can be accessed at:

http://arowanaco.com/wp-content/uploads/2020/08/AWN-Corp-Gov-Stmt-2020.pdf

Directors' Report for the year ended 30 June 2020

The Directors of AWN Holdings Limited ("the Company"), present their report together with the financial statements of the Group comprising the Company and its controlled entities, for the year ended 30 June 2020 ("**the reporting period**").

AWN Holdings Limited is a company limited by shares and is incorporated in Australia.

Directors and Company Secretary

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

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

The Company Secretary for the duration of the financial year was Mr. Cameron Fellows.

Principal activities

During the reporting period, the principal activities of the Group related to the operation of three divisions – Operating Companies Division (incorporating interests in renewable energy and education); Funds Management Division and the Arowana Enterprise Office.

There were no significant changes in the nature of the activities of the Group during the year.

Operating results

The consolidated statutory loss of the Group from overall operations for the reporting period, after tax, was $13,074,615 (2019: loss of $12,144,785).

Review and results of operations

Statutory financial highlights

Statutory operating revenue for the year ended 30 June 2020 increased by 6% to $116.5 million (2019: $109.5 million) due primarily to significantly increased revenues from VivoPower's Aevitas business unit in Australia.

The statutory EBITDA and loss after tax from continuing operations for the year ended 30 June 2020 were a loss of $4.6 million (2019: loss of $3.7 million) and a loss of $13.1 million (2019: loss of $12.9 million) respectively. Key contributors to the loss for the year were:

- Significant organic revenue growth generated by VivoPower, and in particular its Aevitas business unit in Australia, such that it grew revenues by 20% year-on-year despite COVID-19 lockdown delays to some scheduled works in the final four months of the fiscal year, offsetting COVID-19 lockdown related revenue declines from EdventureCo and AFM;

- Non-recurring restructuring and professional fees ($5.1 million) incurred by VivoPower primarily in connection with a detailed forensic review of its US solar portfolio joint venture and legal fees incurred in relation to a legal matter involving the former CEO, Mr. Philip Comberg;
- 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 development of its new cybersecurity product suite, upgrade of systems implementation and other non-recurring expenditure, including due diligence on potential acquisitions ($1.0 million);
- High operating costs in relation to ASIOF, where staff costs exceeded revenue from funds under management;
- Non-cash equity accounted losses ($1.8m) associated with the write-down of discontinued projects by Innovative Solar Ventures 1 LLC, VivoPower's joint venture with US-based solar developer, Innovative Solar Systems (ISS); and
- Non-cash amortisation of identifiable intangibles ($1.6 million) following acquisition of DDLS and Aevitas (supply contracts, customer relationships, course development etc).

The table below sets out the statutory financial results for the year ended 30 June 2020:

All figures in A$ thousands	Year ended 30 June 2020 – statutory (audited)	Year ended 30 June 2019 – statutory (audited)	% change
Operating revenue	116,509	109,549	6
Interest income	50	96	(48)
Total income	116,560	109,646	6
Other income	1,076	288	274
Earnings before interest, tax, depreciation & amortisation (EBITDA)	(4,640)	(3,723)	(25)
Earnings before interest and tax (EBIT)	(11,238)	(10,924)	(3)
Profit / (loss) before tax (PBT)	(12,796)	(12,139)	(5)
Tax expense	341	761	55
Net profit / (loss) after tax (NPAT) from continuing operations	(13,137)	(12,900)	(2)
Earnings per share (EPS) [1]	(22.1)	(17.4)	(26)
Dividend per share (DPS)	-	-	-
Net tangible assets (NTA) per Share [1]	13.1	39.7	(67)

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, earnings and net tangible assets per share for the comparative period have been restated.

Impact of COVID-19 on financial results

The impacts arising from the COVID-19 pandemic on the financial results of the Group are discussed within the Chairman's & CEO's letter, in the following commentary on underlying results by business unit, in the Remuneration Report and in note 2(aa) of the financial statements.

Underlying financial performance

In order to enable a more meaningful comparison of underlying financial performance, the following table outlines AWN's financial performance for the year ended 30 June 2020 versus the year ended 30 June 2019, together with a reconciliation of statutory to underlying results. The table is 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, $5.1 million (2019: $3.5 million);
- Excluding the impact of non-recurring project costs incurred by the Enterprise Office, principally related to due diligence costs associated with potential acquisitions, $0.5 million (2019: $0.5 million);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, $1.1 million (2019: $0.3 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 (2019: NIL);
- Excluding the impact of non-recurring project costs incurred by EdventureCo, primarily in relation to due diligence costs associated with potential acquisitions, $1.1 million (2019: $0.7 million);
- Recognising the onerous contract provision expense of VivoRex LLC associated with its future obligations to purchase Solar Renewable Energy Certificates (SRECs) from the North Carolina solar projects, NIL (2019: $2.8m);
- Recognising the reversal of the VivoRex onerous contract provision expense on disposal of VivoRex LLC on 2 July 2019, $2.8m (2019: 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 (2019: NIL);
- Excluding the non-recurring impact of the gain on disposal of Thermoscan, NIL (2019: $3.4 million); and
- Excluding the impact of other individually immaterial, non-recurring transactions, $0.2 million (2019: NIL)

Reconciliation of Statutory to Underlying Results

All figures in A$ thousands	Year ended 30 June 2020 EBIT	Year ended 30 June 2020 EBITDA	Year ended 30 June 2019 [1] EBIT	Year ended 30 June 2019 [1] EBITDA
Statutory reporting basis	**(11,238)**	**(4,640)**	**(10,924)**	**(3,723)**
VivoPower International				
Reverse unrealised FX (gains) / losses	(354)	(354)	1,058	1,058
Add back from discontinued operations	62	62	106	106
Recognise onerous contract provision expense of VivoRex LLC on SRECs	-	-	(2,833)	(2,833)
Reverse onerous contract provision on disposal of VivoRex LLC	2,833	2,833	-	-
Normalisation of non-recurring expenses	5,073	5,073	3,535	3,535
EdventureCo Group				
Normalisation of project costs	1,066	1,066	-	-
Start-up costs – DDLS Philippines	774	774	-	-
Normalisation of non-recurring income and expenses	(48)	(48)	728	728
Arowana Funds Management				
Normalisation of non-recurring income and expenses	(150)	(150)	23	23
Enterprise Office				
Reverse unrealised FX gains	(734)	(734)	(1,402)	(1,402)
Normalisation of project costs	538	538	535	535
Normalisation of non-recurring expenses	351	351	228	228
Unallocated				
Reverse one-off gain on disposal of Thermoscan	-	-	(3,367)	(3,367)
Realised foreign exchange losses not allocated to business units	13	13	56	56
Underlying reporting basis	**(1,814)**	**4,784**	**(12,257)**	**(5,056)**

[1] In order to provide consistency with the current presentation, comparative underlying results for the year ended 30 June 2019 have been restated to:

- remove Thermoscan following its disposal during 2H, FY2019; and
- include VivoRex onerous contract provision expense ($2.8m) recognised by VivoPower during the year ended 30 June 2019 to align presentation of underlying results between companies. As a result of the sale of VivoRex LLC on 2 July 2019, this onerous contract provision was reversed and is included within underlying gains on sale of investments in the year ended 30 June 2020.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

All figures in A$ thousands	Year ended 30 June 2020 - underlying (unaudited)	Year ended 30 June 2019 - underlying (unaudited) [1]	% change
VivoPower International	73,793	61,345	20
EdventureCo Group	41,277	42,714	(3)
Arowana Funds Management	1,041	1,300	(20)
Enterprise Office	258	481	(46)
Total underlying revenue	**116,369**	**105,840**	**10**
VivoPower International	5,865	(5,309)	*nmf*
EdventureCo Group	4,201	5,546	(24)
Arowana Funds Management	(2,083)	(1,054)	(98)
Enterprise Office	(3,199)	(4,239)	25
Total underlying EBITDA	**4,784**	**(5,056)**	***nmf***
Total underlying EBIT	**(1,814)**	**(12,257)**	**85**
Realised FX losses	(13)	(56)	77
Interest Income	50	96	(48)
Interest Expense	(1,609)	(1,312)	(23)
Net Interest Income	(1,558)	(1,216)	(28)
Total underlying PBT	**(3,385)**	**(13,529)**	**75**
Tax expense	(341)	(761)	55
Underlying Group NPAT	**(3,726)**	**(14,290)**	**74**

[1] In order to provide consistency with the current presentation, comparative underlying results for the year ended 30 June 2019 have been restated to:

- remove Thermoscan following its disposal during 2H, FY2019; and
- include VivoRex onerous contract provision expense ($2.8m) recognised by VivoPower during the year ended 30 June 2019 to align presentation of underlying results between companies. As a result of the sale of VivoRex LLC on 2 July 2019, this onerous contract provision was reversed and is included within underlying gains on sale of investments in the year ended 30 June 2020.

nmf – no meaningful comparison

NOTE: Numbers may not compute exactly due to rounding

Key comments in relation to the above table:

VivoPower International

- Underlying revenue, EBITDA and EBIT for the year ended 30 June 2020 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 20% organic growth in underlying revenue for the period is due to the material outperformance of VivoPower and in particular 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. However, it experienced regulatory and COVID-19 lockdown delays to development approvals for its 15MW Yoogali solar development and also its 5MW Daisy Hill solar development. Industry tailwinds remain buoyant and increasing economic viability of battery storage across Australia is expected to drive the next leg of industry growth.
- Underlying EBITDA improved materially to a profit of $5.9m for the year ended 30 June 2020 versus a loss of $5.3m in the previous year. This significant improvement is due primarily to the revenue growth noted above, but also to a continued focus by Aevitas on pricing and efficiency initiatives, overhead cost savings and profitable business development which has seen gross and EBITDA margins increase during the year ended 30 June 2020. VivoPower also benefited from a significant improvement ($6.4m) in Solar development project net gains resulting from the sale of VivoRex LLC and SunConnect.
- Following a significant effort to further rationalise the cost base of its Solar Development and Corporate Office segments, VivoPower's results for the year ended 30 June 2020 also reflect savings of $2.5m in general and administration costs.
- Under a new board and leadership, VivoPower's US solar division has now assumed control of management and development in relation to the ISS JV following a forensic review of the contracted developer's performance. The US solar industry experienced a strong rebound in FY2020 but VivoPower did not benefit due to issue attributable to the contracted JV development partner. This has resulted in 237MW of projects being abandoned and 492MW put on hold, prompting VivoPower to initiate legal discussions with ISS. At the date of this presentation, negotiations are continuing with VivoPower electing not to accept the initial offer from ISS to transfer its 50% economic interest in the JV to VivoPower for US$1 (which is conditional upon VivoPower foregoing any claims against ISS). Despite the mothballing of some projects, VivoPower's portfolio size would have increased by 74% to circa 1.6 GW (or by 28% to 1.2 GW excluding projects put on hold), if the offer had been accepted.
- Following the completion of a 12 month strategic review, VivoPower has decided to expand into the commercial electric vehicle (EV) and battery storage sectors. The decision to expand into EV was driven by interest from VivoPower's existing customer base. VivoPower expects to initially focus on providing light electric vehicles to customers in the mining and infrastructure sectors in Australia, before expanding globally in these sectors. The light commercial vehicle fleet market (encompassing utes) is worth an estimated $17 billion in Australia alone, with the majority of the market represented by the mining and infrastructure sectors.

EdventureCo Group

- Underlying revenue, EBITDA and EBIT for the year ended 30 June 2020 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 $41.3m for the year ended 30 June 2020 was 3% down in comparison with the previous year. DDLS revenues declined by 4% year-on-year due to the disruptive impact of COVID-19 lockdowns. This was partially offset by revenue growth in Everthought of 10%, driven by an uplift in international student enrolments (pre lockdowns).
- In collaboration with its joint venture partner in the Philippines, Aboitiz Equity Ventures, DDLS launched its first offshore training centre in Manila during the year 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.
- EdventureCo was able to react rapidly to the effects of COVID-19, pivoting to online and virtual delivery modalities in a rapid and agile manner which resulted in very little student attrition. Combined with a deliberate strategy of diversified customer markets and revenue sources, EdventureCo is well positioned relative to the wider education sector to take advantage of a post-pandemic environment featuring increased funding levels, heightened demand for reskilling, and a deepening focus on digital skills and in particular, cybersecurity.
- Underlying EBITDA decreased to $4.2m for the year ended 30 June 2020 versus $5.5m in the previous year. The decrease in earnings reflects the reduction in revenue due primarily to the impact of COVID-19, together with the impact of 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. Subject to an easing in COVID-19 related disruption, these initiatives are expected to generate a return on investment within the next 12 months and drive a return to earnings growth.

Arowana Funds Management

- Arowana Funds Management's result for the year ended 30 June 2020 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 its private credit arm, the Australian Special Income Opportunities Fund ("ASIOF").
- Total funds under management (FUM) as at 30 June 2020 was $130m, versus $149m as at 30 June 2019. The decrease during the period reflects lower FUM in ACVF following share buybacks, payment of dividends and the impact of COVID-19 on financial markets, as well as the inability of ASIOF to scale up FUM.

- Underlying funds management revenue decreased by 20% to $1.0m for the year ended 30 June 2020. The decrease in revenue primarily reflects lower FUM in ACVF for the reasons noted above.
- Underlying EBITDA and EBIT loss was $2.1m for the year ended 30 June 2020, as compared to the previous year of an EBITDA and EBIT loss of $1.1m. The increase in the loss for the year primarily reflects the impact of a higher cost base for ASIOF associated with the costs of the investment team. In light of the under-performance of the ASIOF fundraise, a rationalisation of its cost base has been implemented such that total costs will be materially less in future periods.

For additional information please refer to the Chairman's and CEO's Letter within this Annual Report.

Dividends paid or recommended

The Directors did not declare a final dividend in respect of the year ended 30 June 2019.

The Directors have not declared a final dividend in respect of the year ended 30 June 2020.

Significant changes in state of affairs

On 3 April 2020, the Company was notified that legal proceedings had been filed in the High Court of New Zealand in relation to Intueri Education Group Ltd ("Intueri").

The proceeding has been filed by Adina Thorn Lawyers, on behalf of certain persons who acquired an interest in Intueri shares during the course of its initial public offering ("IPO") which commenced on 15 April 2014, and on the open market thereafter during the period from 23 May 2014 and prior to 1 June 2017.

The Statement of Claim includes allegations of misleading or deceptive conduct in relation to statements made in the Intueri Prospectus and associated Investment Statement (collectively, "Offer Documents"). The allegations of untrue statements primarily concern enrolment numbers and completion rates pertaining to the proposed acquisition of Quantum Education Group ("Quantum") by Intueri upon IPO. The proceeding asserts the Company, among other parties, is liable for any resultant loss to the plaintiffs in its capacity as promoter of the IPO.

In relation to the substance of the allegations, the Company notes the following:

- The Offer Documents were subject to a detailed pre-vetting exercise by the Financial Markets Authority ("FMA") and New Zealand Exchange ("NZX") over a period exceeding a month, before they were approved for release. Neither the FMA nor the NZX reported any adverse findings. Furthermore, a group of experienced legal, accounting and investment banking advisers was engaged and formulated a comprehensive due diligence system under which a thorough due diligence process was carried out for the purpose of the preparation of the Offer Documents;
- The New Zealand education regulator, the Tertiary Education Commission ("TEC"), conducted multiple detailed reviews and periodic regulatory audits of Quantum, including in July 2013 and December 2013. The scope of these audits included the enrolment and retention practices which are the subject of this proceeding. No adverse findings were reported;

- Quantum, along with all other Private Training Establishments (“PTEs”) in New Zealand, was required to submit an annual Investment Plan for review and approval by the TEC. The TEC has the right to terminate funding if a PTE is deemed to be non-compliant with regulatory requirements. This never happened to Quantum prior to its acquisition by Intueri and in fact, Quantum was granted additional student places for over-delivery above its cap;
- Company representatives, including its CEO Kevin Chin, met senior representatives of the TEC in a face-to-face meeting in Wellington, New Zealand in January 2014 to ask whether it had any concerns in relation to the potential acquisition of Quantum by Intueri, any regulatory issues or potential changes in relation to Quantum and also a potential IPO of Intueri to assist funding the acquisition. The TEC did not raise any concerns and were supportive of the transaction and IPO proceeding;
- Leading local industry experts in New Zealand were engaged in connection with the Offer Documents. These included a New Zealand education industry expert, who was previously a regulator who worked for the TEC, the largest law firm in New Zealand (who conducted legal due diligence) and a leading accounting firm in New Zealand (who conducted accounting due diligence);
- In response to press articles in New Zealand, the FMA investigated Intueri in 2015. The Serious Fraud Office of New Zealand also investigated Quantum over a period of 15 months from January 2016 to April 2017. Finally, the TEC commissioned an independent Big 4 accounting firm to perform a forensic investigation into Quantum and Intueri that concluded with the release of a TEC report in December 2017. No findings as to any illegality were made by any of these regulatory bodies;
- The liquidators of Intueri investigated its affairs and took no action; and
- It is alleged that prospective investors were misled, to the benefit of the Company and Kevin Chin. The Board notes, however, that the Company retained the maximum allowable shareholding possible subsequent to the IPO of 24.99%, notwithstanding that the IPO was oversubscribed. Further, Kevin Chin personally invested circa $750,000 in the IPO, having been scaled back from an initial order of over $1 million. Neither the Company nor Kevin Chin sold any shares post-IPO.

The Company intends to vigorously defend this proceeding and is considering other legal options in relation to certain public statements made by the plaintiffs’ lawyers. It also understands that Kevin Chin has separately engaged legal counsel to file defamation proceedings against the plaintiffs’ lawyers.

There were no other significant changes in the state of affairs of the Group during the year ended 30 June 2020.

Events occurring after the reporting period

On 24 August 2020, VivoPower announced its intention to expand into the commercial electric vehicle (EV) and battery storage sectors. Please refer to the Chairman's and CEO's letter included within this Annual Report for further details on this development.

Subsequent to year-end, VivoPower received a proposal from its joint venture partner, Innovative Solar Systems (ISS), where they offered to transfer ownership of their 50% share of the Innovative Solar Ventures I, LLC joint venture to VivoPower for US$1 consideration. However, the offer is conditional upon VivoPower foregoing any rights to future claims against ISS. At the date of this report, negotiations are continuing with VivoPower electing not to accept the initial offer.

Whilst the duration of the COVID-19 pandemic is uncertain, the Group expects short term effects from the pandemic will continue and it is likely the current environment will impact first half earnings. From an operational perspective, however, the Group's operating segments are continuing to adapt efficiently to new ways of delivering services and are well placed to withstand these conditions and to identify and capitalise on unique opportunities where they arise.

No other matters or circumstances have arisen since the end of the financial year 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 years.

Business strategies, prospects and likely developments

Please refer to the Chairman's and CEO's Letter within this Annual Report.

Environmental regulations

The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory Law.

Information on directors and company secretary

The following information is current as at the date of this report:

Kevin Chin – Executive Chairman and Chief Executive Officer

Kevin is the founder and Executive Chairman and Chief Executive Officer of Arowana, a B Corp certified group with operating businesses and investments globally.

He has over 18 years' experience as a "hands on" strategic and operational leader in CEO, CFO and COO roles for listed and unlisted companies where he has taken a significant shareholding position or been a founder / co-founder. He specialises in both complex turnarounds and accelerated scaling-up growth situations.

Kevin has also had significant funds management experience encompassing private equity, listed equities, fund of funds and venture capital.

Kevin has founded or co-founded both operating companies such as AWN Holdings Limited, EdventureCo Group, VivoPower International PLC and Intueri Education Group as well as funds such as the Arowana Special Income Opportunities Fund, the Arowana Contrarian Value Fund, Arowana Australasian Special Situations Fund I, the Arowana Microcap Australasian Private Equity Fund I and the Asian Masters Fund.

Prior to founding Arowana, Kevin led the $12m privatisation and management buyout of ASX listed software company, SoftLaw Corporation Limited (which was renamed to RuleBurst Limited) in November 2004 and became its hands-on CFOO. Together with the rest of the management team, they executed a rapid turnaround in the business and subsequently scaled it up globally. RuleBurst was acquired by Oracle Corporation in November 2008 for $150m.

His prior professional experience includes working for the Lowy Family Group, J.P.Morgan, Price Waterhouse and Deloitte. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co- Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australasia) where he also lectured and wrote curriculum for the FINSIA Masters Degree courses, Advanced Industrial Equity Analysis and Applied Corporate Finance. He is also a qualified Chartered Accountant.

Kevin assumed the role of Executive Chairman in February 2015.

Other current directorships in listed companies:

- Contrarian Value Fund Limited
- VivoPower International PLC

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Kevin is the Chairman of the Company and also participates in all key decisions.

Interest in shares and options of the Company

Details of Kevin's interests in the Company are included later in this report.

Robert McKelvey – Independent Non-Executive Director

Rob was appointed in February 2015 and was previously Managing Director of the US technology research firm, Gartner Inc. for the Asia Pacific. He has extensive knowledge and experience of technology trends and developments and is also a certified master coach and is a strong advocate of building the right culture and coaching processes within organisations.

Other current directorships in listed companies:

None

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Rob is a member of the Audit and Risk Committee and is Chairman of the Nomination and Remuneration Committee

Interest in shares and options of the Company

Details of Rob's interests in the Company are included later in this report.

Ed Fernandez – Independent Non-Executive Director

Appointed in April 2018, Ed has over 25 years' experience and is an accomplished business leader, experienced Silicon Valley venture capitalist and a technology entrepreneur with a particular focus on machine learning and artificial intelligence.

Based in Palo Alto, Ed is an electrical & electronics engineer by training and has completed the Global Senior Management Programme (GSMP) post-graduate qualifications at the University of Chicago Booth School of Business & IE Business School (Madrid) as well as the Engineering Leadership Professional Programme (ELPP) from the University of California Berkeley.

Ed is a mentor & advisor at Singularity University Ventures and Berkeley's Centre for Technology & Entrepreneurship. Ed also serves as a Director at BigML Inc, a 'Machine Learning as a Service' platform company headquartered in the US.

Ed founded Naiss.io, a venture capital & advisory boutique in Palo Alto, focusing on technology start-ups and early stage companies. He is also an investor & advisor in several US technology start-ups, including Optimizing Mind, a Palo Alto start-up working on neuroscience-based Deep Learning for xAI (Explainable AI) and MyPark Inc, an IoT smart parking platform.

Other current directorships in listed companies:

None

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Ed is Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee

Interest in shares and options of the Company

Details of Ed's interests in the Company are included later in this report.

Cameron Fellows – Company Secretary

Cameron was appointed to the position of Company Secretary on 3 January 2018. With over 20 years of professional experience, Cameron is a qualified Chartered Accountant, Chartered Company Secretary and a Fellow of the Financial Services Institute of Australasia. Following over 8 years' experience in the audit practice of PricewaterhouseCoopers, Cameron has held senior finance roles in publicly listed and private businesses in Melbourne, Sydney and London.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the reporting period and the numbers of meetings attended by each director were:

Director	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Kevin Chin	11	11	N/A	N/A	N/A	N/A
Robert McKelvey	11	11	2	2	1	1
Ed Fernandez	11	11	2	2	1	1

A = number of meetings attended
B = number of meetings eligible to attend during the time the director held office during the reporting period

Indemnification and insurance of officers and auditors

The Company has paid premiums to insure all directors of the Company and officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of the premium was $94,234 (inclusive of GST). No amounts were paid to indemnify the auditors.

Proceedings on behalf of the company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Options

There were no options outstanding as at the date of this report in respect of any securities of the Company.

Non-audit services

During the year network firms of PKF Brisbane Audit, the Group's Lead Auditor, have performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and its network firms and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group to ensure they do not impact the integrity and objectivity of the auditor; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

Details of the amounts paid and payable to the auditors of the Group, PKF Brisbane Audit, and its network firms for audit and non-audit services provided during the year are set out in note 32 of the attached Consolidated Financial Statements.

Interests in the Company

The relevant interest of each director in shares issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with Sec 205G(1) of the *Corporations Act 2001*, at 30 June 2020 is as follows:

Directors	Ordinary shares
Kevin Chin	3,791,491
Ed Fernandez	-
Robert McKelvey	-

All the above shares are held by either the directors themselves or their related entities.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28.

Remuneration report (Audited)

Remuneration policy

The Nomination & Remuneration Committee Charter was adopted by the current Board of the Company to provide the terms of reference for the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee's objective is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board on nomination and remuneration policies and practices.

Remuneration focussed responsibilities of the Committee include determining and agreeing with the Board the policy for the remuneration of the non-executive directors, the CEO and the executive team and will review the ongoing appropriateness and relevance of the remuneration policy.

Further remuneration focussed responsibilities of the Nomination & Remuneration Committee include making recommendations to the Board in relation to those executive incentive plans that require the approval of shareholders. In making those recommendations the Committee will have regard to the remuneration policy and to the total cost of each plan.

Under the Nomination & Remuneration Committee Charter, where practicable, the Committee will comprise solely of non-executive directors and have at least three members. New members will be proposed by the Chairman and approved by the Board. The Committee is for the time being chaired by Rob McKelvey and, at the date of this report, the second member is Ed Fernandez. The Board commenced a process to appoint a replacement

Non-Executive Director and member for the Nomination & Remuneration Committee and this process remains ongoing at the date of this report.

Remuneration objectives

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company.

Compensation levels for key management personnel will incentivise management to maximise compounding growth of "cash on cash" returns and return on invested capital of the Group (which in turn will result in long term capital growth and value creation). As a result, the Company embraces and applies "lean enterprise" and "lean management" principles.

Organisational structure: a flexible and agile model that promotes multi-tasking and self-sufficiency by management and employees.

Compensation structure: Compensation is heavily skewed towards performance-based outcomes.

To incentivise employees to act as "owners" when assessing and purchasing businesses for the Company. In particular, employees will be encouraged to acquire businesses at valuations that are as optimally low and as value accretive to the Company as possible; and

To incentivise employees to operate the Company's businesses such that they deliver financial and operational outperformance over a long-term investment horizon.

Fixed compensation

Fixed compensation consists of base compensation, as well as leave entitlements and employer contribution to superannuation funds.

Compensation levels are reviewed annually by the Nomination and Remuneration committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the marketplace. A senior executive's compensation is also reviewed on promotion.

Relationship between remuneration policy and the Company performance

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding defined objectives. In this regard, during 2016 the Board adopted a revised employee incentive scheme, being a Long Term Value Creation Plan ("LTVCP"). The LTVCP was approved by shareholders at the AGM in November 2014 and an Extraordinary General Meeting held on 17 January 2014.

Under the revised LTVCP, Enterprise Office employees as a group will receive AWN shares to the value of 20% of any outperformance above an average 8% per annum hurdle rate of AWN Holdings Limited's enterprise value (with relevant adjustments for any debt or equity raised or returned), calculated over a five year period. The plan also makes provision for certain Early Trigger Events that may result in an early incentive payment.

The initial five year period of the LTVCP ended on 17 November 2019 without vesting hurdles or trigger events being met. Upon expiry of the initial five year period on 17 November 2019, all LTVCP shares on issue were redeemed by the Company at their issue price with the resulting proceeds applied to repayment of outstanding LTVCP loans to participants.

The intention is for the LTVCP to restart for a new five year period with the benchmark enterprise value set to the prevailing enterprise value at the time of renewal. At the date of this report, no date has been proposed for the commencement of the next five year period.

Key terms of service agreements

Remuneration and other terms of employment for the executive Key Management Personnel (KMP) are formalised in letters of offer and employment agreements. These agreements are not subject to a fixed term and provide for both fixed and performance-based remuneration, superannuation and other benefits such as statutory leave entitlements.

These employment agreements may be terminated by the Group or by the executive subject to providing notice in accordance with prescribed timeframes. Notice periods applicable to employment arrangements for the executive KMP vary between 3 to 6 months.

The Group may terminate employment without notice or payment in lieu of notice for serious and wilful misconduct.

Share-based Compensation

No shares or options were granted to key management personnel as compensation during FY2020. The amortisation expense for shares previously issued under the LTVCP during FY2016 to key management personnel is shown in the table on pages 24-25.

Additional Information

The factors that are considered to affect total shareholder return (TSR) are summarised below:

For the year ended 30 June	2020	2019
Share price at financial year end (cents per share) [1]	28.0	68.0
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share) [1]	(22.1)	(17.4)

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, share price and earnings per share for the comparative period have been restated.

Impact of COVID-19 on remuneration policy

In recognition of the impact of COVID-19 and the broader economic environment, the Company's independent non-executive directors have taken a 33% temporary reduction in board fees commencing from 1 April 2020 which remains in effect at the date of this report.

A range of other measures were implemented during the year in order to manage employee costs in response to COVID-19, including:

- Temporary pay reductions for certain staff and contractors throughout the Group;
- Reduced hours of work for certain staff and contractors throughout the Group;
- Discretionary salary reviews to be conducted on an exceptions-only basis until such time as broader economic conditions have stabilised;

- Discretionary, short-term incentive payments for members of senior leadership teams throughout the Group have been reduced;
- Furlough / stand downs and a small number of redundancies; and
- Encouragement of working-from-home arrangements where practicable.

Non-Executive Directors

Aggregate Directors’ base fees are presently up to $250,000 per annum, and non-executive directors do not receive performance-related compensation. Details of the nature and amount of each major element of remuneration of each director of the Company are outlined in the table below.

Remuneration of key management personnel

A summary of the remuneration of key management personnel for the Group is set out below.

Remuneration Report	Year	Salary, fees & leave ($)	Bonus ($)	Non-monetary benefits ($)	Other benefit ($)	Short-term benefits Total ($)	Post-employment Superannuation benefits ($)	Long-term benefits Share-based payments ($)	Total ($)	Remuneration linked to performance (%)
Non-Executive Directors										
Current										
Robert McKelvey	**FY20**	**41,895**	**-**	**-**	**-**	**41,895**	**3,980**	**-**	**45,875**	**-**
	FY19	45,662	-	-	-	45,662	4,338	-	50,000	-
Ed Fernandez	**FY20**	**45,875**	**-**	**-**	**-**	**45,875**	**-**	**-**	**45,875**	**-**
	FY19	50,000	-	-	-	50,000	-	-	50,000	-
Former										
Anthony Kinnear	**FY20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY19	7,610	-	-	-	7,610	723	-	8,333	-
Sub-total	**FY20**	**87,770**	**-**	**-**	**-**	**87,770**	**3,980**	**-**	**91,750**	**-**
	FY19	103,272	-	-	-	103,272	5,061	-	108,333	
Executive Directors										
Kevin Chin, CEO	**FY20**	**27,500**	**-**	**-**	**-**	**27,500**	**-**	**24,975**	**52,475**	**47.6**
	FY19	30,000	-	-	-	30,000	-	65,112	95,112	68.5
Total directors' remuneration	**FY20**	**115,270**	**-**	**-**	**-**	**115,270**	**3,980**	**24,975**	**144,225**	**17.3**
	FY19	133,272	-	-	-	133,272	5,061	65,112	203,445	32.0
Other Key Management Personnel (KMP)										
Current										
Cameron Fellows, Group Finance Director & Company Secretary	**FY20**	**181,851**	**-**	**-**	**-**	**181,851**	**17,276**	**-**	**199,127**	**-**
	FY19	191,502	-	-	-	191,502	17,093	-	208,595	-
Benn Lim, Chief Operating Officer	**FY20**	**191,781**	**-**	**-**	**-**	**191,781**	**18,219**	**-**	**210,000**	**-**
	FY19	165,324	-	-	-	165,324	14,676	-	180,000	-
Sean Steele, EdventureCo Pty Ltd, CEO and Director	**FY20**	**338,973**	-	-	**3,808**	**342,781**	**27,332**	-	**370,113**	
	FY19	318,790	-	-	4,897	323,687	29,961	-	353,648	-
Kevin Chin, VivoPower International PLC, CEO [2]	**FY20**	**432,628**	**-**	**-**	**-**	**432,628**	**-**	**31,173**	**463,801**	**6.7**
	FY19	352,790	-	-	-	352,790	-	-	352,790	

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Remuneration Report	Year	Short-term benefits: Salary, fees & leave ($)	Bonus ($)	Non-monetary benefits ($)	Other benefit ($)	Total ($)	Long-term benefits: Post-employment Superannuation benefits ($)	Share-based payments ($)	Total ($)	Remuneration linked to performance (%)
Former										
Dustin Cappelletto, Head of Debt Investments [1]	**FY20 Until 20 Dec 19**	**247,583**	**-**	**41,132**	**74,018**	**362,733**	**-**	**-**	**362,733**	**-**
	FY19	475,156	-	31,804	-	506,960	-	-	506,960	-
Art Russell, Chief Financial Officer [2]	**FY20 Until 17 Mar 20**	**330,213**	**-**	**-**	**-**	**330,213**	**33,021**	**-**	**363,234**	**-**
	FY19	354,147	-	-	8,854	363,001	35,415	19,425	417,841	4.6
Carl Weatherley-White, VivoPower International PLC, CEO and Director [1]	**FY20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY19 Until 12 Feb 19	328,526	-	28,337	-	356,863	-	53,529	410,392	13.0
Conor Byrne, Chief Financial & Operating Officer of Arowana Asset Management	**FY20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY19 Until 22 Apr 19	197,517	-	-	-	197,517	14,602	-	212,119	-
Gary Hui, Investment Director [1]	**FY20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY19 Until 26 Oct 18	202,722	-	-	-	202,722	-	-	202,722	-
Total other KMP remuneration	**FY20**	**1,723,029**	**-**	**41,132**	**77,826**	**1,841,987**	**95,848**	**31,173**	**1,969,008**	**1.6**
	FY19	2,586,474	-	60,141	13,751	2,660,366	111,747	72,954	2,845,067	2.6
Total remuneration	**FY20**	**1,838,299**	**-**	**41,132**	**77,826**	**1,957,257**	**99,828**	**56,148**	**2,113,233**	**2.7**
	FY19	2,719,746	-	60,141	13,751	2,793,638	116,808	138,066	3,048,512	4.6

[1] Representing the AUD equivalent of USD remuneration based on the average AUD / USD foreign exchange rate for the years ended 30 June 2020 and 30 June 2019
[2] Representing the AUD equivalent of GBP remuneration based on the average AUD / GBP foreign exchange rate for the years ended 30 June 2020 and 30 June 2019

Equity movement in shares held by key management personnel

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name	Held at 1 July 2018	Purchases	Other change	Held at 30 June 2019
Kevin Chin	15,165,963	-	-	15,165,963
Gary Hui	625,000	-	(625,000) [1]	-
Robert McKelvey	-	-	-	-
Conor Byrne	130,000	-	(130,000) [1]	-
Anthony Kinnear	678,069	-	(678,069) [1]	-
Ed Fernandez	-	-	-	-
Dustin Cappelletto	267,000	-	-	267,000
Art Russell	-	-	-	-
Cameron Fellows	-	-	-	-
Benn Lim	-	-	740,000 [2]	740,000
Sean Steele	-	-	-	-
Carl Weatherley-White	-	-	-	-
Total	**16,866,032**	**-**	**(693,069)**	**16,172,963**

[1] Mr. Anthony Kinnear, Mr. Gary Hui and Mr. Conor Byrne departed the Group during the financial year and are therefore no longer members of KMP as at 30 June 2019. The movements noted under 'Other Change' represent notional adjustments – as opposed to actual disposals – to reflect the fact they ceased to hold shares of the Company in their capacity as members of KMP from the date of their respective departures.

[2] Mr. Benn Lim, Chief Operating Officer, was a member of KMP from 1 July 2018 through to the date of this report. The movement noted under 'Other Change' represents a notional adjustment – as opposed to an actual acquisition – to reflect the number of shares of the Company already held by Mr. Lim on the date of his appointment as a member of KMP.

Equity movement in shares held by key management personnel (continued)

Name	Held at 1 July 2019	Purchases	Other change	Held at 30 June 2020
Kevin Chin	15,165,963	-	(11,374,472) [2]	3,791,491
Robert McKelvey	-	-	-	-
Ed Fernandez	-	-	-	-
Dustin Cappelletto	267,000	-	(267,000) [1]	-
Art Russell	-	-	-	-
Cameron Fellows	-	500,000	(375,000) [2]	125,000
Benn Lim	740,000	888,000	(1,221,000) [2]	407,000
Sean Steele	-	-	-	-
Total	**16,172,963**	**1,388,000**	**(13,237,472)**	**4,323,491**

[1] Mr. Dustin Cappelletto departed the Group during the financial year and is therefore no longer a member of KMP as at 30 June 2020. The movements noted under ‘Other Change’ represent notional adjustments – as opposed to actual disposals – to reflect the fact he ceased to hold shares of the Company in his capacity as a member of KMP from the date of his departure.

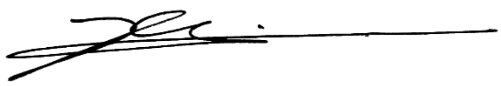
[2] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. These changes reflect the reduction of shares on issue held by members of KMP following the consolidation.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm’s length dealings with unrelated persons.

This concludes the remuneration report, which has been audited.

The Directors’ Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Kevin Chin, Executive Chairman and Chief Executive Officer

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AWN Holdings Limited and the entities it controlled during the year.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
27 AUGUST 2020

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AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Consolidated Statement of Profit or Loss

For the reporting period ended 30 June	Note	2020 $	2019 $
Revenue from continuing operations			
Revenue	3(a)	116,509,443	109,549,289
Interest income		50,189	96,490
Total income		**116,559,632**	**109,645,779**
Other income	3(b)	1,076,003	288,347
Expenses			
Cost of sales	4(a)	(82,248,190)	(75,960,141)
Employee costs		(20,926,900)	(21,188,910)
Administration costs	4(b)	(10,523,685)	(10,740,154)
Share based payment expense		(520,781)	(71,032)
Occupancy costs		(370,719)	(1,084,277)
Director fees		(119,250)	(141,199)
Marketing costs		(1,524,290)	(957,873)
Insurance costs		(1,388,680)	(1,097,411)
IT and communication costs		(1,889,305)	(1,559,397)
Travel costs		(723,119)	(752,472)
Interest expense		(1,608,620)	(1,311,601)
Depreciation	13	(4,994,713)	(4,484,945)
Amortisation	15	(1,602,701)	(2,715,910)
Share of net loss of associates accounted for using the equity method	11(a)	(1,990,806)	(7,846)
Total expenses		**(130,431,759)**	**(122,073,168)**
Loss before income tax		**(12,796,124)**	**(12,139,042)**
Income tax expense	7(b)	(341,234)	(761,421)
Loss after income tax from continuing operations		**(13,137,358)**	**(12,900,463)**
Discontinued operations			
Profit after income tax from discontinued operations	5	62,743	755,678
Loss for the period		**(13,074,615)**	**(12,144,785)**
Loss attributable to:			
Owners of AWN Holdings Limited		(8,718,758)	(6,890,431)
Non-controlling interest		(4,355,857)	(5,254,354)

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

Consolidated Statement of Profit or Loss (continued)

For the reporting period ended 30 June		2020	2019
	Note	$	$
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents) [1]	27	(22.05)	(17.40)
Diluted earnings per share (cents) [1]	27	(22.05)	(17.40)

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, earnings per share for the year ended 30 June 2019 has been restated.

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

Consolidated Statement of Comprehensive Income

For the reporting period ended 30 June		2020	2019
	Note	$	$
Loss for the year		(13,074,615)	(12,144,785)
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		33,445	(449,366)
Other comprehensive income for the year, net of tax		33,445	(449,366)
Total comprehensive income for the period, net of tax		**(13,041,170)**	**(12,594,151)**
Total comprehensive income attributable to			
Parent interest (AWN Holdings Limited)		(8,699,613)	(6,746,219)
Non-controlling interests		(4,341,557)	(5,847,932)
		(13,041,170)	**(12,594,151)**

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

AWN Holdings Limited and its Controlled Entities

As at 30 June 2020

Consolidated Statement of Financial Position

As at 30 June		2020	2019
	Note	$	$
Current assets			
Cash and cash equivalents	8	12,648,406	17,573,491
Trade and other receivables	9	18,815,381	20,449,458
Inventory	10	5,118,778	668,244
Other current assets	12	1,357,804	4,977,368
Assets classified as held-for-sale	5(b)	5,944,764	20,174,060
Total current assets		**43,885,133**	**63,842,621**
Non-current assets			
Investments accounted for using the equity method	11(a)	12,134,486	316,554
Other financial assets	11(b)	219,372	219,372
Other non-current assets	12	201,494	2,054,622
Property, plant and equipment	13	14,832,372	12,068,225
Deferred tax asset	14(a)	9,304,342	9,726,362
Intangible assets	15	45,298,129	46,435,687
Total non-current assets		**81,990,195**	**70,820,822**
Total assets		**125,875,328**	**134,663,443**
Current liabilities			
Trade and other payables	16	39,154,123	45,603,437
Current tax liabilities	17	271,739	976,021
Current provisions	18(a)	6,118,647	4,210,140
Interest bearing liabilities	19	10,543,636	4,191,394
Liabilities directly associated with assets classified as held-for-sale	5(b)	-	1,589,643
Total current liabilities		**56,088,145**	**56,570,635**
Non-current liabilities			
Non-current provisions	18(b)	1,348,783	1,366,272
Deferred tax liabilities	14(b)	5,330,149	5,800,082
Interest bearing liabilities	19	8,663,813	4,868,401
Total non-current liabilities		**15,342,745**	**12,034,755**
Total liabilities		**71,430,890**	**68,605,390**
Net assets		**54,444,438**	**66,058,053**
Equity			
Issued capital	21	59,496,954	59,775,954
Reserves	22	(32,831,574)	(32,877,964)
Retained earnings	23	21,903,616	30,622,374
Equity attributable to Parent interest		**48,568,996**	**57,520,364**
Equity attributable to non-controlling interest		5,875,442	8,537,689
Total equity		**54,444,438**	**66,058,053**

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

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Consolidated Statement of Changes in Equity

	Issued capital	General reserves	Share buyback reserve	Option reserve	Foreign currency translation reserve	Retained earnings	Attributable to Parent interest	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$	$
As at 30 June 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 year	-	-	-	-	-	(6,890,431)	(6,890,431)	(5,254,354)	(12,144,785)
Other comprehensive income for the year	-	-	-	-	144,212	-	144,212	(593,578)	(449,366)
Total comprehensive income	**-**				**144,212**	**(6,890,431)**	**(6,746,219)**	**(5,847,932)**	**(12,594,151)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	273,680	273,680
Cancellation of LTVCP shares	(69,750)	-	-	-	-	-	(69,750)	-	(69,750)
Issue of treasury shares	-	-	-	-	-	-	-	751,730	751,730
LTVCP reserve	-	71,032	-	-	-	-	71,032	-	71,032
Dividend paid	-	-	-	-	-	(474,512)	(474,512)	(17,485)	(491,997)
As at 30 June 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 year	-	-	-	-	-	(8,718,758)	(8,718,758)	(4,355,857)	(13,074,615)
Other comprehensive income for the year	-	-	-	-	19,145	-	19,145	14,300	33,445
Total comprehensive income	**-**	**-**	**-**	**-**	**19,145**	**(8,718,758)**	**(8,699,613)**	**(4,341,557)**	**(13,041,170)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	1,218,559	1,218,559
Cancellation of LTVCP shares	(279,000)	-	-	-	-	-	(279,000)	-	(279,000)
Issue of treasury shares and Restricted Stock Units	-	-	-	-	-	-	-	493,536	493,536
LTVCP reserve	-	27,245	-	-	-	-	27,245	-	27,245
Dividend paid	-	-	-	-	-	-	-	(32,785)	(32,785)
As at 30 June 2020	**59,496,954**	**(29,388,369)**	**(2,600,374)**	**3,095,100**	**(3,937,931)**	**21,903,616**	**48,568,996**	**5,875,442**	**54,444,438**

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

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Consolidated Statement of Cash Flows

For the reporting period ended 30 June		2020	2019
Cash flows from operating activities	**Note**	**$**	**$**
Receipts from customers		107,927,086	126,432,007
Payments to suppliers and employees		(116,426,185)	(122,431,628)
Interest received		50,177	87,730
Interest paid		(1,249,428)	(948,673)
Income tax paid		(634,157)	(157,113)
Net cash (outflow) / inflow from operating activities	24(b)	**(10,332,507)**	**2,982,323**
Cash flows from investing activities			
Net cash inflow for NC31 and NC47 projects		-	15,937,116
Net cash inflow from disposal of Juice Capital and Sun Connect solar assets		1,475,831	747,466
Net cash outflow for Joint Venture contributions		(16,713)	(198,014)
Net cash outflow for acquisition of DDLS Australia		-	(2,656,016)
Net cash inflow from disposal of Thermoscan	5(a)	-	5,796,888
Purchase of property, plant & equipment		(2,167,802)	(1,110,881)
Net cash inflow from disposal of other non-current assets		1,478,170	11,397
Net cash outflow for intangible assets		(430,021)	(248,835)
Net cash inflow from investing activities		**339,465**	**18,279,121**
Cash flows from financing activities			
Proceeds from related party loans		-	371,295
ROU lease payments		(3,174,594)	(3,483,037)
Proceeds from borrowings		4,422,547	1,282,984
Proceeds from issue of convertible notes		3,278,634	-
Proceeds from issue of equity securities in subsidiaries		940,398	-
Repayment of borrowings		(311,154)	(5,973,762)
Dividends and distributions paid		(32,785)	(491,997)
Net cash inflow / (outflow) from financing activities		**5,123,046**	**(8,294,517)**
Net (decrease) / increase in cash and cash equivalents		(4,869,996)	12,966,927
Effect of foreign currency translation		(55,089)	(648,723)
Cash and cash equivalents at the beginning of the year		17,573,491	5,255,287
Cash and cash equivalents at the end of the year	8, 24(a)	**12,648,406**	**17,573,491**

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

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Contents

1. Reporting entity

AWN Holdings Limited *(formerly Arowana International Limited)* (the "**Company**" or "**AWN**") 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 AWN Holdings Limited as a consolidated entity consisting of AWN Holdings Limited and its controlled entities (together referred to as "**Group**"). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The separate financial statements of the parent entity, AWN Holdings Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 34.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report of AWN Holdings Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The financial statements have been prepared on a going concern basis, as the Directors believe the Group will be able to meet its liabilities as they fall due.

During the year ended 30 June 2020, the Group recorded a loss after tax from continuing operations of $13,137,358 (2019: loss of $12,900,463) and cash outflows from operations of $10,332,507 (2019: cash inflows from operations of $2,982,323). As at 30 June 2020, current liabilities of the Group exceeded current assets by $12,203,012 (2019: current asset surplus of $7,271,986).

2. Basis of preparation and significant accounting policies (continued)

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

- Impact of COVID-19 on all operating segments. Aevitas faced operational disruption resulting in an adverse effect on profitability margins and delays to completion of scheduled works and associated revenue recognition. VivoPower's Australian solar development business unit experienced regulatory and COVID-19 lockdown delays to development approvals for two of its major projects. EdventureCo experienced disruption as campuses were closed and course delivery shifted to online and virtual instructor led training modalities. Arowana Funds Management generated reduced management fees reflecting lower Funds Under Management (FUM) due partially to the impact of COVID-19 on financial markets;
- Non-recurring restructuring, remuneration and professional fees ($5.1 million) incurred by VivoPower in connection with a detailed forensic review of its US solar portfolio joint venture and legal fees incurred in relation to a legal matter involving the former CEO, Mr. Philip Comberg;
- Non-recurring operating and project expenditure ($1.1 million) incurred by EdventureCo primarily in connection with development of its new cybersecurity product suite, upgrade of systems implementation and other non-recurring expenditure, including due diligence on potential acquisitions;
- Non-recurring operating expenditure ($0.8 million) incurred by EdventureCo in connection with the expansion of DDLS into the Philippines in partnership with Aboitiz Equity Ventures;
- High operating costs in relation to the Australian Special Income Opportunities Fund ("ASIOF"), where staff costs exceeded revenue from funds under management;
- Non-cash equity accounted losses ($1.8m) associated with the write-down of discontinued projects by Innovative Solar Ventures 1 LLC, VivoPower's joint venture with US-based solar developer, Innovative Solar Systems (ISS); and
- Non-cash amortisation of identifiable intangibles ($1.6 million) following acquisition of DDLS and Aevitas (supply contracts, customer relationships, course development etc).

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, assisted by sustained industry tailwinds, has continued its momentum driving revenue growth of 20% for the year and a material improvement in profitability (statutory EBITDA loss of $1.7 million against a loss of $7.2 million in the prior year). Several projects were delayed during the year due to COVID-19 related disruption and these projects now underpin the pipeline for the coming financial year. It is also expected Australian federal and state governments will increase infrastructure spending to combat the impact of COVID-19 on the economy, and Aevitas is well positioned to capitalise on this opportunity;

2. Basis of preparation and significant accounting policies (continued)

- Following a detailed review of the performance of ISS, VivoPower has now assumed management control of the Innovative Solar Ventures 1 LLC joint venture. Since taking over management control, VivoPower has initiated a hyperturnaround plan encompassing active portfolio management, improved governance and stakeholder engagement. VivoPower's new leadership is now focused on driving development of its US solar portfolio and generating returns from this asset over the coming financial year;
- VivoPower has announced its intention to enter the electric vehicle ("EV") sector. The decision to expand into EV was driven by interest from VivoPower's existing customer base. VivoPower's EV strategy will be differentiated in that it comprises of a holistic, three-pronged sustainable energy solution to customers which will include EV and battery leasing, critical power retrofits of premises to enable optimised EV battery charging and microgrids, and EV battery second life applications. These areas of focus will draw upon both Aevitas' expertise in critical power services and its active customer base, many of whom have significant light commercial vehicle fleets which are powered by high-cost diesel;
- EdventureCo, the Group's education platform, invested heavily for growth during the year, 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 focus over the coming financial year will be on driving organic growth across the group and capitalising on the investments made into these aforementioned revenue generation capabilities;
- EdventureCo was able to react rapidly to the effects of COVID-19, pivoting to online and virtual delivery modalities in a rapid and agile manner which resulted in very little student attrition. Combined with a deliberate strategy of diversified customer markets and revenue sources, EdventureCo is well positioned relative to the wider education sector to take advantage of a post-pandemic environment featuring increased funding levels, heightened demand for reskilling and a deepening focus on digital skills and, in particular, cybersecurity;
- The Group implemented a rationalisation of the cost base of its funds management unit, Arowana Funds Management and significantly reduced overheads associated with it. Furthermore, it expects to complete a strategic review of this business in the coming months.
- A reduced overhead base across the Group's operating businesses following a range of cost-saving initiatives executed during FY2020. In addition, the Group is executing on its previously announced plan to transition the Enterprise Office team and cost base out of the Group by 30 June 2021.

With regard to liquidity, the Group manages its short-term cash flow requirements by maintaining adequate working capital finance facilities, including trade debtor finance and other debt facilities, and through the normal cyclical nature of receipts and payments. From time to time the Group will also sell off surplus assets in order to release and re-deploy capital.

2. Basis of preparation and significant accounting policies (continued)

The Board has approved FY2021 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. In support of this assessment, the Directors note the following:

- Continuing positive negotiations with financiers for the refinancing of certain debt facilities on more favourable terms and conditions;
- At the date of this report, the Group has access to material undrawn trade debtor facilities;
- Negotiations continue to progress on a number of potential transactions which could result in material unbudgeted fee income for the Group within the coming financial year; and
- In a low case scenario where cash flow from operations is insufficient to meet working capital requirements, the Group has the ability to sell down liquid surplus assets in order to release capital and meet its debts as they become due and payable.

The financial statements were authorised for issue by the Board of Directors on 27 August 2020.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

2. Basis of preparation and significant accounting policies (continued)

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 or, when applicable, as the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 30 to the financial statements.

(b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

2. Basis of preparation and significant accounting policies (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the Consolidated Statement of Profit or Loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(c) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

2. Basis of preparation and significant accounting policies (continued)

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each Income Statement and Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange difference are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision, if necessary.

(e) Tax balances

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of those differences and it is probable that the differences will not reverse in the foreseeable future.

2. Basis of preparation and significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

AWN Holdings Limited and its wholly owned Australian controlled entities have implemented tax consolidation legislation as of 1 July 2015.

Each entity in the Group recognises its own current and deferred tax assets and liabilities, except for any amounts resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each entity within the Group is then assumed by the parent entity.

The tax consolidated group has entered into tax sharing and funding agreements. Under the terms of these agreements, the wholly-owned entities reimburse the head company for any current income tax payable by the head company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and therefore amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidated legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by AWN Holdings Limited.

Expenses and revenues arising under the tax sharing agreement are recorded as a component of income tax expense (revenue).

(f) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intangible assets held within Group entities, their useful lives and basis of amortisation (subject to annual review) are as follows:

2. Basis of preparation and significant accounting policies (continued)

Intangible asset type	Useful life	Method
Key customer relationships	10 years	Straight Line
Trade names	15-25 years	Straight Line
Favourable supplier contracts	15 years	Straight Line
Course development materials	3 years	Straight Line
Solar contracts	20 years	Straight Line
RTO license	5 years	Straight Line

Details of intangible assets held in the Group at 30 June 2020 and the assessments made for impairment are included in Note 15.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

2. Basis of preparation and significant accounting policies (continued)

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Details of goodwill held in the Group at 30 June 2020 and the assessments made for impairment are included in Note 15.

(g) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a post-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(h) Cash and cash equivalents

For Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

2. Basis of preparation and significant accounting policies (continued)

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss.

(j) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(k) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest in net assets are classified as a "joint venture" and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint venture are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 11 to the Consolidated Financial Statements.

2. Basis of preparation and significant accounting policies (continued)

(l) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss during the reporting period in which they are incurred.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Profit or Loss.

Subsequent costs

Subsequent costs are capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use. Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements 8 - 10 years
- Plant and equipment 4 – 7 years
- Computer equipment 3 – 5 years
- Furniture and fixtures 8 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Profit or Loss.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2. Basis of preparation and significant accounting policies (continued)

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Basis of preparation and significant accounting policies (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;

2. Basis of preparation and significant accounting policies (continued)

- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for:
  - bonus elements in ordinary shares issued during the year; and
  - share consolidations during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Non-current assets held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held-for-sale.

Classification as "held-for-sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held-for-sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

2. Basis of preparation and significant accounting policies (continued)

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held-for-sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held-for-sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(w) Leases

AASB 16 *Leases* was early adopted by the Group with effect from 1 July 2018. As such, the prior year comparatives include the impact of AASB 16 *Leases*.

Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract would be considered to contain a lease if it allows the Group the right to control the use of an identified asset over the contracted lease period and receive the economic benefit. The lease contract would also require the Group to acquire this right in exchange for consideration.

Right-of-use assets

A right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases, which have a lease term of 12 months or less, and leases of low-value assets. The low-value threshold has been set at $5,000.

Lease liabilities

A lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date discounted using the Group's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

(x) Revenue from contracts with customers

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services.

To achieve this objective, the Group applies the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and

2. Basis of preparation and significant accounting policies (continued)

- Recognise revenue when (or as) the performance obligations are satisfied.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with its customers. The Group also accounts for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group derives revenue from the following four separate and distinct segments:

- **Enterprise Office** – Provides strategic and operational support services to its various business units and funds and is also the Group's designated investment entity. Revenue represents management fees charged to Arowana's operating businesses and funds, consulting fees in connection with external mandates and interest, dividend and distribution income derived from the Group's investments;
- **Renewable Energy -** VivoPower is a global solar power producer and energy storage company that develops, owns and operates solar projects. The division derives revenue from two operating segments: (i) solar development activities focused on opportunities in the USA and Australia; and (ii) power services provided by Aevitas in Australia;
- **Education** – operates the Group's education platform, EdventureCo, delivering building, construction, IT & communication training programmes to students throughout Australia; and
- **Funds Management** – manages listed and unlisted funds.

(i) Sale of goods

The Group's contracts with customers for the sale of equipment generally include one performance obligation. Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

(ii) Warranty obligations

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under AASB 15, which the Group accounts for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(iii) Rendering of services

The Group's Renewable Energy, Education and Funds Management segments provide development/installation/servicing/repairs servicing, training/tuition and asset management services.

Renewable Energy Segment – Development Revenue

Development revenue, which is revenue generated from development services relating to the building and construction of solar projects, is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group.

2. Basis of preparation and significant accounting policies (continued)

Installation services of the Renewable Energy segment are sold either separately or bundled together with the sale of equipment to a customer. Whilst the installation services can be obtained from other providers, the provision of the installation services is considered part of one contracted performance obligation to the customer. The procurement and installation services tend to be highly interrelated and the Group provides a significant service of integration for these assets under contract.

Renewable Energy Segment – Equipment and Installation Services

The Group has determined there is one performance obligation in a contract for bundled sales of equipment and installation services, because the transfer of equipment and provision of installation services are considered not to be distinct and separately identifiable.

Revenue from sale of equipment and installation services is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group. Moreover, any earned consideration that is conditional is recognised as a contract asset rather than receivable.

Renewable Energy Segment – Servicing and Repairs

Revenue from servicing and repair revenue, generated on a time and materials basis, is recognised over time using an input method to measure progress towards complete satisfaction of the performance obligation, because the customer simultaneously receives

and consumes the benefits provided by the Group. Revenue for small jobs and those completed in a limited timeframe is recognised when the job is complete and the performance obligation satisfied.

Education Segment

The Group's contracts with customers for the provision of education services can include multiple performance obligations. The Group assesses each performance obligation to determine if those performance obligations are distinct from other obligations in the contract. Performance obligations that are not assessed as being distinct from other obligations are grouped together as a bundle of performance obligations. Bundles of performance obligations are determined where the various performance obligations represent the combined outcome for which the customer has contracted, or a service is highly dependent on another entity specific good or service promised in the contract. For each distinct performance obligation, or bundle of performance obligations, the Group allocates the price, as determined by the terms of the contract with the customer, based on the stand-alone selling price of the performance obligation, or bundle of performance obligations. The Group's primary performance obligations is the delivery of tuition services.

The Group recognises revenue from the delivery of these services over time based on the stage of completion of the service being delivered to the customer. The stage of completion is measured by reference to the number of contact days held as a percentage of the total number of contact days in the course.

2. Basis of preparation and significant accounting policies (continued)

The Group's other performance obligations are recognised either over time, on a stage of completion basis, or at the point in time the service, or good, is sold. This determination is made on a case by case basis for each performance obligation based on the point at which control of the good or service completely passes to the customer. Where income is recorded in advance of the provision of service the full amount is recognised as Contract liabilities in the Statement of Financial Position.

Refunds of tuition or course fees are provided in some instances where appropriate notice is provided in accord with terms and conditions of the contract with the customer. Refund assets and liabilities are not separately recognised in the Statement of Financial Position due to the infrequency of refunds.

Funds Management Segment

Revenue from asset management services provided by the Group includes a base management fee and a performance fee or variable component.

The Group recognises revenue from base management services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from performance fees is deemed a variable component of the same asset management services that is constrained and is recognised only when it is highly probable that the performance hurdles are met and a reversal will not occur. Determining the amount and timing of performance fees to be recognised involves judgement and the use of estimates. Factors taken into consideration include the:

- nature of underlying fund assets and potential for volatility of investment returns;
- returns on assets realised to-date;
- time remaining until realisation of fund assets or crystallisation date;
- the proportion of assets already realised; and
- downside valuation on remaining unrealised assets and reliability of those estimates.

Consolidated Statement of Comprehensive Income

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also discloses information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 6 for the disclosure on disaggregated revenue.

Consolidated Statement of Financial Position

Contract assets include project revenues earned by the Renewable Energy division related to performance obligations which have been met and the Group has the right to consideration in exchange for goods or services that have transferred to a customer which do not form part of the trade receivables balance.

Contract liabilities include prepaid tuition fees and training credits from the Education business and deferred revenues from the Renewable Energy division. These liabilities represent the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. Basis of preparation and significant accounting policies (continued)

(y) Financial instruments

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

(i) Classification

The Group classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and liabilities and the contractual terms of the cash flows.

For assets and liabilities measured at fair value, gains and losses will either be recorded through profit or loss or through other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition and de-recognition

Generally purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the Statement of Profit or Loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contracts assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the date of initial recognition.

2. Basis of preparation and significant accounting policies (continued)

Individual debts that are known to be uncollectible are written off when identified.

(v) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(z) New accounting standards for application in future periods

The AASB has issued certain new and amended Accounting Standards and Interpretations that are not mandatory for the 30 June 2020 reporting period and which have not been early-adopted by the Group. These Standards and Interpretations are not expected to have a material impact on the Group in future reporting periods.

(aa) Critical accounting estimates & 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 year.

2. Basis of preparation and significant accounting policies (continued)

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.

Revenue recognition

Group entities recognise revenue from longer term projects and from development services relating to the development and construction of solar projects, on a percentage completion basis as the value is accrued by the end user over the life of the contract. Other revenue is recognised when jobs are completed.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, 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 $9,304,342 (2019: $9,726,362) and a deferred tax liability of $5,330,149 (2019: $5,800,082). The Group is subject to income taxes in numerous jurisdictions. Significant judgment 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.

2. Basis of preparation and significant accounting policies (continued)

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. These losses can be carried forward indefinitely and have no expiry date.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Impacts of COVID-19

In preparing these financial statements, the Group has considered the impacts of COVID-19 on the Group's assets, liabilities and disclosures for the year ended 30 June 2020.

The COVID-19 pandemic has negatively impacted each of the Group's operating segments. Aevitas faced operational disruption resulting in an adverse effect on profitability margins and delays to completion of scheduled works and associated revenue recognition. VivoPower's Australian solar division experienced regulatory and COVID-19 lockdown delays to development approvals for two of its major projects. EdventureCo experienced disruption as campuses were closed and course delivery shifted to online and virtual instructor led training modalities. Arowana Funds Management generated reduced management fees reflecting lower Funds Under Management (FUM) due partially to the impact of COVID-19 on financial markets.

The impact of COVID-19 on the Group's operations is discussed in further detail in the Chairman's & CEO's letter and also in the Directors' Report.

The impact of COVID-19 on the Group's remuneration policy is discussed in further detail in the Directors' Report.

Notwithstanding the impact on operations and financial results, the Group has experienced few other financial reporting impacts arising from COVID-19.

As discussed in note 15, the potential impacts of COVID-19 on future financial performance were taken into consideration for the purposes of annual impairment testing, however no asset impairments were recorded due to the material headroom of value-in-use over carrying value for each of the Group's cash-generating units.

In relation to trade receivables, to date the Group has not suffered any significant adverse change in the timeliness or collection of receipts for its services.

During the year ended 30 June 2020, certain operating segments within the Group were eligible for and accessed wage subsidy support in connection with the Australian Federal Government's JobKeeper Assistance Program. Further detail on the quantum of support provided to each operating segment is set out in note 3(a).

3. (a) Revenue

For the reporting period ended 30 June	2020	2019
	$	$
Renewable energy services [1]	72,462,428	61,186,733
Education services [2]	41,538,105	42,714,229
Funds management revenue	1,041,482	1,719,656
Gain on disposal of Thermoscan [3]	-	3,367,183
Gain on disposal of Sun Connect [4]	589,760	-
Gain on disposal of Vivo Rex [5]	619,752	-
Other revenue	257,916	561,488
Total revenue	**116,509,443**	**109,549,289**

[1] Includes proceeds of $1,048,500 received during the year ended 30 June 2020 (30 June 2019: NIL) in connection with the Australian Federal Government's JobKeeper Assistance Program.

[2] Includes proceeds of $1,009,500 received during the year ended 30 June 2020 (30 June 2019: NIL) in connection with the Australian Federal Government's JobKeeper Assistance Program.

[3] The assets and liabilities of Thermoscan Inspection Services Pty Limited were classified as held-for-sale at 30 June 2018 and its results for the year then ended were treated as a discontinuing operation. The entity was sold effective 1 May 2019 and so its results from 1 July 2018 to 1 May 2019 were also treated as a discontinuing operation. Refer to note 5 for further details.

[4] Representing gain on disposal of Sun Connect. Refer to note 5(a) for further details.

[5] Representing gain on disposal of VivoRex LLC, primarily representing the reversal of onerous contract obligations.

3. (b) Other income

For the reporting period ended 30 June	2020	2019
	$	$
Other income		
Foreign exchange gains	1,076,003	288,347
Total other income	**1,076,003**	**288,347**

4. Expenses

(a) Cost of sales	2020	2019
	$	$
Commission	533,524	335,312
Contractors	6,111,863	2,045,154
Depreciation	-	127,739
Employee expenses	29,581,613	22,429,396
Equipment	66,144	518,760
Materials	44,376,340	48,118,281
Motor vehicle	527,136	723,547
Occupancy	152,707	324,088
Travelling	5,576	163,148
Others	893,287	1,174,716
	82,248,190	**75,960,141**
(b) Administration costs		
Due diligence fees	241,357	1,035,155
Legal and professional	7,386,621	6,329,537
Compliance and governance	720,531	666,919
Research expenses	379,270	501,298
Loss / (gain) on disposal of fixed assets	(17,938)	998,850
Others	1,813,844	1,208,395
	10,523,685	**10,740,154**

5. Assets held-for-sale and discontinued operations

(a) Discontinued operations

Sun Connect solar portfolio assets ("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.

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

(a) Discontinued operations (continued)

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

Discontinued operation – Sun Connect	2020
	$
Revenue	121,236
Expenses	(58,493)
Profit before income tax	**62,743**
Income tax expense	-
Profit after income tax attributable to the discontinued operation	**62,743**

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	2020	2019
	$	$
Net cash inflow from operating activities	112,096	147,895
Net cash inflow from investing activities	53,355	81,561
Net increase in cash generated by the discontinued operation	**165,451**	**229,456**

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 year ended 30 June 2020.

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

Assets and liabilities	2020
	$
Trade and other receivables	2,393
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**

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

(a) 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 treated as a discontinued operation for the purposes of the Group's financial statements for the year ended 30 June 2018.

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 30 April 2019 for the purposes of the Group's comparative financial statements.

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

Discontinued operation - Thermoscan	2020	2019
	$	$
Revenue	-	2,558,812
Expenses	-	(1,769,655)
Profit before income tax	**-**	**789,157**
Income tax expense	-	(139,748)
Profit after income tax attributable to the discontinued operation	**-**	**649,409**

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	2020	2019
	$	$
Net cash inflow from operating activities	-	767,713
Net cash outflow from investing activities	-	(47,023)
Net cash inflow from financing activities	-	222,610
Net increase in cash generated by the discontinued operation	**-**	**943,300**

Cash proceeds of $5,977,314, net of a working capital adjustment, were received from the disposal of Thermoscan. All cash proceeds were received on 1 May 2019 and there is no deferred consideration receivable. The resultant net profit on disposal of $3,367,183 has been incorporated within revenue in the Consolidated Statement of Profit or Loss for the purposes of the Group's comparative financial statements.

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

(a) Discontinued operations (continued)

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

Assets and liabilities	2019
	$
Cash and cash equivalents	180,425
Trade and other receivables	389,332
Other current assets	39,207
Property, plant and equipment	178,052
Identifiable intangible assets	2,201,040
Trade and other payables	(17,108)
Other non-current liabilities	(253,729)
Borrowings	(107,088)
Fair value of identifiable net assets sold	**2,610,131**
Consideration:	
Cash consideration received, net of working capital adjustment	5,977,314
Net gain on disposal	**3,367,183**

(b) Assets held-for-sale

VivoPower ISS JV – Assets held-for-sale

Pursuant to a strategic review, VivoPower 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 30 June 2019), were disclosed as held-for-sale assets and liabilities in the Group's Consolidated Statement of Financial Position for the year ended 30 June 2019.

Despite support provided by VivoPower to ISS, a sale of the entire portfolio has not been realised to date. Following removal of ISS as manager and developer of the Joint Venture, VivoPower is now focused on executing on the disposal of a portion of the portfolio within the next 12 months for the projects that are closest to completion, and to seek a new partner for development of the remainder of the portfolio. Accordingly, the portion of the portfolio that is identified as being actively marketed for sale in the near term, continues to be accounted for under assets held-for-sale. The remainder of the portfolio, with a net book value of $12.0 million, has been reclassified into equity accounted investments.

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

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

Assets held-for-sale and directly associated liabilities	30 June 2020	30 June 2019
	$	$
Non-current assets		
Investments accounted for using the equity method	5,944,764	19,292,108
Total assets	**5,944,764**	**19,292,108**
Current liabilities		
Trade and other payables	-	1,589,643
Total liabilities	**-**	**1,589,643**
Net assets	**5,944,764**	**17,702,465**

6. Segment reporting

Identification of reportable operating segments

The Group is currently organised into four Divisions - the Enterprise Office, Renewable Energy, Education 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, 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 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.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

For the year ended 30 June 2020	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	-	-	639,279	-	639,279	-	639,279
Services transferred over time	94,546	71,091,815	39,447,104	841,482	111,474,947	-	111,474,947
Sales to external customers	94,546	71,091,815	40,086,383	841,482	112,114,226	-	112,114,226
Intersegment sales	2,660,625	-	-	-	2,660,625	(2,660,625)	-
Total sales revenue	2,755,171	71,091,815	40,086,383	841,482	114,774,851	(2,660,625)	112,114,226
Interest revenue	2,473,610	11,876	29,998	985,452	3,500,936	(3,450,747)	50,189
Other income	984,302	2,580,125	1,451,722	620,000	5,636,149	(1,240,932)	4,395,217
Total revenue	**6,213,083**	**73,683,816**	**41,568,103**	**2,446,934**	**123,911,936**	**(7,352,304)**	**116,559,632**
Segment result	(209,061)	(1,740,123)	1,736,893	(509,700)	(721,991)	(3,868,099)	(4,590,090)
Depreciation and amortisation	403,971	2,530,614	3,662,829	-	6,597,414	-	6,597,414
Finance costs	406,351	4,748,442	308,226	13,700	5,476,719	(3,868,099)	1,608,620
Loss before income tax – continuing operations	(1,019,383)	(9,019,179)	(2,234,162)	(523,400)	(12,796,124)	-	(12,796,124)
Income tax expense/(benefit)	479,290	689,213	(670,249)	(157,020)	341,234	-	341,234
Loss after income tax – continuing operations	**(1,498,673)**	**(9,708,392)**	**(1,563,913)**	**(366,380)**	**(13,137,358)**	**-**	**(13,137,358)**
Segment assets							
Operating assets	120,037,154	95,560,714	88,777,503	107,264,819	411,640,190		
Elimination within segment			(31,257,963)	(52,910,248)	(84,168,211)		
Reportable segment assets	**120,037,154**	**95,560,714**	**57,519,540**	**54,354,571**	**327,471,979**	**(201,596,651)**	**125,875,328**
Segment liabilities							
Operating liabilities	23,680,761	97,573,926	39,579,487	3,880,569	164,714,743		
Elimination within segment			-	(383,596)	(383,596)		
Reportable segment liabilities	**23,680,761**	**97,573,926**	**39,579,487**	**3,496,973**	**164,331,147**	**(92,900,257)**	**71,430,890**

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

For the year ended 30 June 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	-	-	939,317	-	939,317	-	939,317
Services transferred over time	15,703	61,069,528	41,622,065	1,049,656	103,756,952	-	103,756,952
Sales to external customers	15,703	61,069,528	42,561,382	1,049,656	104,696,269	-	104,696,269
Intersegment sales	3,439,996	-	-	-	3,439,996	(3,439,996)	-
Total sales revenue	3,455,699	61,069,528	42,561,382	1,049,656	108,136,265	(3,439,996)	104,696,269
Interest revenue	2,238,617	14,590	35,261	981,909	3,270,377	(3,173,887)	96,490
Other income	4,507,354	117,205	152,848	670,000	5,447,407	(594,387)	4,853,020
Total revenue	**10,201,670**	**61,201,323**	**42,749,491**	**2,701,565**	**116,854,049**	**(7,208,270)**	**109,645,779**
Segment result	3,712,124	(7,156,637)	4,132,303	324,049	1,011,839	(4,638,424)	(3,626,585)
Depreciation and amortisation	439,816	2,033,540	4,727,500	-	7,200,856	-	7,200,856
Finance costs	64,982	4,511,006	333,324	-	4,909,312	(3,597,711)	1,311,601
(Loss) / profit before income tax – continuing operations	3,207,326	(13,701,183)	(928,521)	324,049	(11,098,329)	(1,040,713)	(12,139,042)
Income tax expense/(benefit)	1,098,011	(155,249)	(278,556)	97,215	761,421	-	761,421
(Loss) / profit after income tax – continuing operations	**2,109,315**	**(13,545,934)**	**(649,965)**	**226,834**	**(11,859,750)**	**(1,040,713)**	**(12,900,463)**
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**

7. Income tax expense

For the reporting period ended 30 June	2020	2019
	$	$
(a) Income tax expense		
Current tax	389,147	510,460
Deferred tax	(77,145)	(231,336)
Under provision in respect of prior years	29,232	482,117
	341,234	761,421
(b) Income tax expense is attributable to:		
Loss from continuing operations	341,234	761,421
(c) Deferred income tax (benefit) / expense included in income tax expense comprises:		
Decrease in deferred tax assets	385,017	1,093,279
Decrease in deferred tax liabilities	(462,162)	(1,324,615)
	(77,145)	(231,336)
(d) Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss from continuing operations before income tax	(12,796,124)	(12,139,042)
Profit from discontinued operations before income tax	62,743	755,678
	(12,733,381)	(11,383,364)
Income tax benefit calculated at statutory rate of 30%	(3,820,014)	(3,415,009)

7. Income tax expense (continued)

For the reporting period ended 30 June	2020	2019
Add tax effect of:	$	$
- Non-deductible expenses	139,473	440,595
Less:		
- Franking credit	(92,661)	(90,906)
- Under/(over) provision for income tax in prior year	29,232	482,117
- Tax effect of tax rates in other jurisdictions	739,573	1,118,215
- Deferred tax assets not brought to account	3,345,631	2,226,409
Income tax expense	341,234	761,421
Effective tax rate	2.7%	6.7%
Franking credit balance at the end of the year	**1,057,951**	**1,057,951**

8. Cash and cash equivalents

As at 30 June	2020	2019
	$	$
Cash at bank and on hand	12,648,406	17,573,491
Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the Consolidated Statement of Financial Position as follows:		
Cash and cash equivalents – Consolidated Statement of Financial Position	12,648,406	17,573,491
Cash and cash equivalents – Consolidated Statement of Cash Flows	**12,648,406**	**17,573,491**

9. Trade and other receivables

As at 30 June	2020	2019
	$	$
Trade debtors [1]	4,700,609	3,138,291
Contract assets	11,720,305	16,163,007
Accrued interest	-	(5,384)
Sundry debtors	1,149,086	251,287
Other accrued income	1,245,381	902,257
	18,815,381	**20,449,458**

[1] As at 30 June 2020, 53% ($2,504,687) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 48% ($2,195,922) outstanding between 60 to 365 days and deemed past due but not impaired.

10. Inventory

As at 30 June	2020	2019
	$	$
Stock on hand	5,118,778	668,244
	5,118,778	**668,244**

11. Investments

(a) Investments accounted for using equity method:

As at 30 June, the Group had the following investments using the equity method:

As at 30 June	2020	2019
	$	$
Innovative Solar Ventures I, LLC	11,984,123	-
VVPR-ITP TopCo Pty Limited	-	-
Viento Group Limited	150,363	316,554
	12,134,486	**316,554**

11. Investments (continued)

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

		Percentage interest	
Associate / Joint venture	**Principal activities**	**30 June 2020 %**	**30 June 2019 %**
Innovative Solar Ventures I, LLC	Solar power developer	50.0	50.0
VVPR-ITP TopCo Pty Limited [1]	Solar power developer	30.0	30.0
Viento Group Limited	Investment holding company	31.8	31.8

[1] Value of equity accounted investment in VVPR-ITP TopCo Pty Ltd as at 30 June 2020 and 30 June 2019 reflects only a nominal $2 contribution of share capital. As such, disclosures relating to the Group's investment in this entity have been excluded from the following tables.

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

	Innovative Solar Ventures I, LLC (USA)	Viento Group Limited	Total
	$	$	$
Opening balance, 1 July 2018	**19,140,536**	**324,400**	**19,464,936**
Share of profit (loss) of associated entities	-	(7,846)	(7,846)
Share of commission credit	(880,101)	-	(880,101)
Impact of foreign exchange translation	1,031,673	-	1,031,673
Reclassified as assets held-for-sale	(19,292,108)	-	(19,292,108)
Ending balance at 30 June 2019	**-**	**316,554**	**316,554**
Opening balance, 1 July 2019	**-**	**316,554**	**316,554**
Reclassified from assets held-for-sale	19,292,108	-	19,292,108
Share of profit (loss) of associated entities	(1,824,615)	(166,191)	(1,990,806)
Impact of foreign exchange translation	461,394	-	461,394
Reclassified to assets held-for-sale	(5,944,764)	-	(5,944,764)
Ending balance at 30 June 2020	**11,984,123**	**150,363**	**12,134,486**

Financial information of the investments using the equity method as at 30 June and for the year then ended is outlined below:

11. Investments (continued)

For the reporting period ended 30 June 2020	Innovative Solar Ventures I, LLC	Viento Group Limited
	$	$
Share of assets and liabilities:		
Current assets	1,148	179,515
Non-current assets	11,982,975	-
Total assets	**11,984,123**	**179,515**
Current liabilities	-	29,152
Non-current liabilities	-	-
Total liabilities	**-**	**29,152**
Net assets	**11,984,123**	**150,363**
Share of profit / (loss) and other comprehensive income		
Revenue	-	9,897
Expenses	1,824,615	176,088
Net profit / (loss)	(1,824,615)	(166,191)
Other comprehensive income	-	-
Total comprehensive income	**(1,824,615)**	**(166,191)**

For the reporting period ended 30 June 2019	Innovative Solar Ventures I, LLC	Viento Group Limited
	$	$
Share of assets and liabilities:		
Current assets	-	173,965
Non-current assets	-	78,435
Total assets	**-**	**252,400**
Current liabilities	-	19,337
Non-current liabilities	-	-
Total liabilities	**-**	**19,337**
Net assets	**-**	**233,063**
Share of profit / (loss) and other comprehensive income		
Revenue	-	1,063
Expenses	-	8,909
Net profit / (loss)	-	(7,846)
Other comprehensive income	-	-
Total comprehensive income	**-**	**(7,846)**

11. Investments (continued)

(b) Other financial assets

The Group had the following other financial assets:

As at 30 June	2020	2019
	$	$
Other receivables	219,372	219,372
	219,372	**219,372**

12. Other assets

The Group had the following other current assets:

As at 30 June	2020	2019
	$	$
Prepayments	1,201,377	4,724,806
Short term deposits	156,427	252,562
	1,357,804	**4,977,368**

The Group had the following other non-current assets:

As at 30 June	2020	2019
	$	$
LTVCP loans [1]	-	279,000
Security deposit	201,494	1,775,622
	201,494	**2,054,622**

[1] During 2015, the Board and shareholders approved a revision to the Long-Term Value Creation Plan (LTVCP) which provides an incentive amount payable to the Group Enterprise Office staff. The incentive is based on 20% of any outperformance above an average 8% per annum (hurdle rate) of AWN's enterprise value (with relevant adjustments for debt or equity raised or returned), calculated over a five year period, subject to any early trigger events. The method for calculating the incentive amounts is outlined in detail in the explanatory memorandum presented at the AGM in November 2014 at which the revised LTVCP was approved by shareholders.

Following these revisions, any benefits derived under the plan are now treated in accordance with Australian Accounting Standard AASB 2 Share-based Payment, as equity settled share-based payment. Any shares issued under the plan are issued at market value at the time of issue and are funded by employee loans with full recourse to the underlying shares.

The value at grant date of LTVCP shares on issue at 30 June 2020 totalled NIL (2019: $279,000). The hurdle rate for LTVCP Shares issued under the plan was not met and so they were cancelled upon expiration of the initial five year period on 17 November 2019.

In accordance with the requirements of AASB 2 the estimated future value of the benefits of the plan are independently valued at the time of grant of shares by reference to the fair value of the equity instruments granted and the resulting fair value estimate is recognised as an expense over the expected life of the LTVCP Shares (maximum 5 years).

The fair value amount amortised as an expense in the reporting period was $27,245 (2019: $71,032).

The components of the incentive related to those considered to be key management personnel of the Group have been included in the (audited) remuneration report in the Directors' Report.

13. Property, plant and equipment

For the reporting period ended 30 June	2020	2019
	$	$
Leasehold improvements		
Cost	3,341,556	3,040,349
Less: Accumulated depreciation	(1,070,880)	(741,728)
WDV	**2,270,676**	**2,298,621**
Plant & equipment		
Cost	2,272,085	1,787,073
Less: Accumulated depreciation	(1,514,058)	(1,338,347)
WDV	**758,027**	**448,726**
Computer equipment		
Cost	2,249,986	1,752,979
Less: Accumulated depreciation	(1,619,507)	(1,292,120)
WDV	**630,479**	**460,859**
Furniture & fixtures		
Cost	475,495	447,219
Less: Accumulated depreciation	(334,071)	(245,955)
WDV	**141,424**	**201,264**
Motor vehicle		
Cost	1,310,700	756,461
Less: Accumulated depreciation	(557,120)	(302,589)
WDV	**753,580**	**453,872**
Right-of-use assets		
Cost	17,442,478	11,549,359
Less: Accumulated depreciation	(7,164,292)	(3,344,476)
WDV	**10,278,186**	**8,204,883**
Total		
Cost	27,092,300	21,175,999
Less: Accumulated depreciation	(12,259,928)	(9,107,774)
WDV	**14,832,372**	**12,068,225**

	Leasehold improvement	Plant & equipment	Computer equipment	Furniture & fixtures	Motor vehicle	Right-of-use assets	Total
	$	$	$	$	$	$	$
Year ended 30 June 2019							
As at 1 July 2018	2,329,880	457,384	585,786	286,090	422,403	8,994,609	13,076,152
Additions	389,559	335,095	276,240	68,540	240,157	2,554,750	3,864,341
Depreciation charge	(414,572)	(172,462)	(350,895)	(99,558)	(102,982)	(3,344,476)	(4,484,945)
Disposals		(118,804)	(33,964)	(53,537)	(32,281)	-	(238,586)
Foreign exchange movement	(6,246)	(52,487)	(16,308)	(271)	(73,425)	-	(148,737)
As at 30 June 2019	**2,298,621**	**448,726**	**460,859**	**201,264**	**453,872**	**8,204,883**	**12,068,225**
Year ended 30 June 2020							
As at 1 July 2019	2,298,621	448,726	460,859	201,264	453,872	8,204,883	12,068,225
Additions	301,207	729,560	519,375	28,276	528,586	6,116,724	8,223,728
Depreciation charge	(329,152)	(175,711)	(327,387)	(88,116)	(254,531)	(3,819,816)	(4,994,713)
Disposals	-	(244,548)	(22,694)	-	-	(274,992)	(542,234)
Foreign exchange movement	-	-	326	-	25,653	51,387	77,366
As at 30 June 2020	**2,270,676**	**758,027**	**630,479**	**141,424**	**753,580**	**10,278,186**	**14,832,372**

14. Deferred tax assets and liabilities

(a) Deferred tax assets

As at 30 June	2020	2019
	$	$
Deferred tax asset	9,304,342	9,726,362
Deferred tax assets comprise the following:		
Tax losses	5,388,596	5,597,714
Other temporary differences on expenses	3,915,746	4,128,648
	9,304,342	**9,726,362**
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	9,726,362	11,588,699
Charged to profit & loss	(385,017)	(1,093,279)
Under/(Over) provision in respect of prior year	(37,003)	(769,058)
Balance at end of the year	**9,304,342**	**9,726,362**

(b) Deferred tax liabilities

As at 30 June	2020	2019
	$	$
Deferred tax liability	5,330,149	5,800,082
Deferred tax liabilities comprise the following:		
Accrued income		-
Intangible assets acquired via business combination	4,319,188	4,663,020
Other temporary differences	1,010,961	1,137,062
	5,330,149	**5,800,082**
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	5,800,082	7,411,637
Credited to profit & loss	(462,162)	(1,324,615)
Under/(Over) provision in respect of prior year	(7,771)	(286,940)
Balance at end of the year	**5,330,149**	**5,800,082**

15. Intangible assets

(a) Reconciliation of movement in intangible assets

	Goodwill	Trade names	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and trademark	Total
As at 30 June 2020	$	$	$	$	$	$	$	$	$	$	$
Cost	33,096,390	4,597,000	8,075,000	5,702,000	764,663	1,130,750	2,246,383	85,697	6,219	26,253	55,730,355
Accumulated amortisation/impairment	(550,000)	(926,548)	(3,507,967)	(1,997,000)	(111,111)	(1,035,954)	(2,246,383)	(57,263)	-	-	(10,432,226)
Carrying value	**32,546,390**	**3,670,452**	**4,567,033**	**3,705,000**	**653,552**	**94,796**	**-**	**28,434**	**6,219**	**26,253**	**45,298,129**
Movement for the year ended 30 June 2020											
Opening balance – carrying value	32,546,390	3,904,221	5,153,332	4,275,000	296,740	181,958	-	45,574	6,219	26,253	46,435,687
Other additions	-	-	-	-	401,256	63,887	-	-	-	-	465,143
Disposals	-	-	-	-	-	-	-	-	-	-	-
Amortisation provision during the period	-	(233,769)	(586,299)	(570,000)	(44,444)	(151,049)	-	(17,140)	-	-	(1,602,701)
Net book amount 30 June 2020	**32,546,390**	**3,670,452**	**4,567,033**	**3,705,000**	**653,552**	**94,796**	**-**	**28,434**	**6,219**	**26,253**	**45,298,129**

	Goodwill	Trade name	Supply contract	Customer relationship	Solar contract	Course development	Student contracts	RTO licence	Incorporation costs	Patent and trademark	Total
As at 30 June 2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cost	33,096,390	4,597,000	8,075,000	5,702,000	363,407	1,066,863	2,246,383	85,697	6,219	26,253	55,265,212
Accumulated amortisation/impairment	(550,000)	(692,779)	(2,921,668)	(1,427,000)	(66,667)	(884,905)	(2,246,383)	(40,123)	-	-	(8,829,525)
Carrying value	**32,546,390**	**3,904,221**	**5,153,332**	**4,275,000**	**296,740**	**181,958**	**-**	**45,574**	**6,219**	**26,253**	**46,435,687**
Movement for the year ended 30 June 2019											
Opening balance – carrying value	32,546,390	4,183,195	6,390,300	4,845,833	153,812	523,387	203,900	62,713	6,219	26,253	48,942,002
Other additions	-	-	-	-	209,595	-	-	-	-	-	209,595
Amortisation provision during the period	-	(278,974)	(1,236,968)	(570,833)	(66,667)	(341,429)	(203,900)	(17,139)	-	-	(2,715,910)
Net book amount 30 June 2019	**32,546,390**	**3,904,221**	**5,153,332**	**4,275,000**	**296,740**	**181,958**	**-**	**45,574**	**6,219**	**26,253**	**46,435,687**

15. Intangible assets (continued)

(b) Allocation of goodwill

Goodwill as at 30 June 2020 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**

Goodwill as at 30 June 2019 was allocated to the various 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**

(c) Impairment testing

Methodology

The recoverable amount of goodwill allocated to CGUs is determined based on value-in-use. For the purposes of impairment testing, the following methodology was consistently applied across each CGU:

- Value-in-use is estimated based on the discounted value of future cash flow projections over the five-year period from FY2021 to FY2025;
- Future cash flow projections are based on FY2021's detailed financial budgets and associated strategy execution plans as approved by the Board, together with forecasts for a further four years which are extrapolated using estimates of longer-term growth rates and having regard to each CGU's strategy;
- In order to discount projected cash flows to net present value, discount rates are applied to reflect the Group's estimates of market risk and specific risk factors for each CGU not otherwise incorporated in cash flow projections; and
- The value-in-use estimates above are adjusted to include an assessment of terminal value, representing the discounted cash flows beyond the five-year forecast period.

15. Intangible assets (continued)

Key assumptions

In determining the value-in-use calculations for each CGU, management has applied the following key assumptions:

As at 30 June	2020	2019
	%	%
Short-term revenue CAGR * (1-5 years)	(9.6%) – 32.4%	10.1% - 88.3%
Long-term revenue CAGR * (terminal value)	2.0% - 3.0%	0.0% - 3.0%
Post-tax discount rates applied [1]	10.6% - 14.3%	8.8% - 21.0%

* Compound Annual Growth Rate ("CAGR")

[1] The Group engaged an independent external corporate advisor to provide specialist, industry-specific input into the appropriate assumptions to adopt for the purposes of calculating post-tax discount rates for its value-in-use calculations as at 30 June 2020 and 30 June 2019.

Cash flow projections adopted in measuring value-in-use recoverable amounts exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance.

The Group has considered current economic conditions and the potential impact of COVID-19 on future financial performance for the purposes of impairment testing. In particular, the Group considered the additional impacts of COVID-19 on the operating environment, the risk of delays in economic recovery and subsequent impact on performance in the event of sustained international border restrictions. The Group's assessment of these additional risks was factored into budget and cash flow forecasts, and the post-tax discount rates applied to the value-in-use models incorporated an additional alpha adjustment to reflect the uncertain economic environment.

Results

The recoverable amounts derived from the appropriate measures described above are compared to the carrying value for each CGU, and if the carrying value exceeds the recoverable amount, an impairment loss is recognised. Based on the results of the Group's impairment testing as at 30 June 2020, it was determined that the carrying value of goodwill allocated to each CGU was adequately supported by its respective recoverable amount.

Management has identified that a reasonably possible change in two key assumptions could cause the goodwill allocated to the EdventureCo Trades CGU to exceed its recoverable amount. The following table illustrates the sensitivity of the recoverable amount of goodwill to adverse changes in underlying assumptions:

15. Intangible assets (continued)

	Change required individually for carrying amount to equal recoverable amount	
As at 30 June 2020	Short-term revenue CAGR	Post-tax discount rate
	%	%
Education division – EdventureCo Trades	2.3	1.8

In relation to goodwill for the remaining CGUs, management has determined that, given the significant excess of future cash flows over their carrying value, there are no reasonable possible changes in key assumptions which could occur to cause the carrying amount of these CGU's to exceed their recoverable amounts.

16. Trade and other payables

As at 30 June	2020	2019
	$	$
Current		
Trade creditors	9,533,071	10,435,029
Accrued expenses	5,799,230	8,805,827
Deferred income	1,309,035	1,232,262
Contract liabilities	16,177,585	20,906,518
Payroll liabilities	2,185,278	2,194,350
GST payable	1,133,180	1,732,208
Other payables	3,016,744	297,243
	39,154,123	**45,603,437**

17. Current tax liabilities

As at 30 June	2020	2019
	$	$
Income tax payable	271,739	976,021
	271,739	**976,021**

18. Provisions

a) The Group had the following current provisions:

As at 30 June	2020	2019
	$	$
Employee entitlements [1]	4,509,451	4,210,140
Litigation [2]	1,609,196	-
	6,118,647	**4,210,140**

[1] Employee entitlements relate to annual leave and long service leave accruals for employees.

[2] Representing provision for expected outcome of litigation related to disputes with a former CEO of VivoPower, Mr. Philip Comberg. Please refer to Note 28 for further information in relation to this matter.

b) The Group had the following non-current provisions:

As at 30 June	2020	2019
	$	$
Employee entitlements [1]	1,348,783	1,366,272
	1,348,783	**1,366,272**

[1] Employee entitlements relate to annual leave and long service leave accruals for employees.

19. Interest-bearing liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

For the reporting period ended 30 June	2020	2019
	$	$
Current		
Lease liabilities – right-of-use assets (a)	3,355,868	2,908,410
Trade debtor financing (b)	739,217	1,282,984
Term loans (c)	2,898,551	-
Convertible notes (d)	3,550,000	-
	10,543,636	**4,191,394**
Non-Current		
Lease liabilities – right-of-use assets (a)	7,146,561	4,868,401
Government loans (e)	250,000	-
Term loans (f)	1,267,252	-
	8,663,813	**4,868,401**
Total interest-bearing liabilities	**19,207,449**	**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 short-term finance of US$2,000,000 at 9% per annum from a private lender in Enterprise Office, the current portion of unsecured low interest rate COVID-19 NAB loans in Aevitas and chattel mortgages over 14 vehicles in Aevitas.

(d) On 10 February 2020, AWN successfully completed a convertible note issue, raising gross proceeds of $3.55m at 8% per annum. The maturity date on the convertible notes is 36 months from the date of issue. Noteholders may elect to redeem their notes in cash during bi-annual redemption windows, the first of which is due post the release of AWN's half-year results for the period ending 31 December 2020. As such, proceeds raised from the convertible note issue have been treated as a current liability as at 30 June 2020.

(e) Representing unsecured loan received in Everthought Education from the QLD Government as part of COVID-19 relief support. The loan is repayable over a period of 9 years with principal repayments commencing in June 2021.

(f) Representing the non-current portion of unsecured low interest rate COVID-19 NAB loans and chattel mortgages over 14 vehicles in Aevitas. Also includes an unsecured working capital loan from Contrarian Value Fund Limited (CVF) at 5.5% per annum, interest is payable bi-annually and the loan is repayable on the fifth anniversary of the initial drawdown date of 18 December 2019. The loan was provided for the purposes of assisting with the strategic review of CVF.

20. Financial instruments

(a) Financial risk management

The Group has exposure to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group, through its training and management standards aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows (including assets classified as held-for-sale):

		Carrying amount	
For the reporting period ended 30 June		**2020**	**2019**
	Note	**$**	**$**
Cash and cash equivalents	8	12,648,406	17,573,491
Trade and other receivables	9	18,815,381	12,918,646
Other financial assets	11(b)	219,372	219,372
Total		**31,683,159**	**30,711,509**

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- by Fitch Ratings and Standard and Poor's.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer debts are monitored closely and proper processes are in place to ensure recoverability of receivables. The Group establishes an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables.

20. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade debtors together with expected cash outflows on trade payables.

The following are the remaining contractual maturities at the end of the reporting period:

	2 months or less	2 – 12 months	1 – 3 years	More than 3 years	Total
As at 30 June 2020	**$**	**$**	**$**	**$**	**$**
Trade creditors	(7,334,553)	(2,198,518)	-	-	(9,533,071)
Lease liability	(872,830)	(2,697,269)	(4,293,144)	(2,639,186)	(10,502,429)
Term loans	-	(2,898,551)	(767,251)	(750,000)	(4,415,802)
Trade debtor financing	-	(739,217)	-	-	(739,217)
Accrued expenses	-	(5,799,230)	-	-	(5,799,230)
Payroll liabilities	(598,778)	(1,586,500)	-	-	(2,185,278)
Convertible notes	-	(3,550,000)	-	-	(3,550,000)
Other payables	(418,322)	(2,598,422)	-	-	(3,016,744)
	(9,224,483)	**(22,067,707)**	**(5,060,395)**	**(3,389,186)**	**(39,741,771)**
As at 30 June 2019					
Trade creditors	(9,067,194)	(276,233)	(1,091,602)	-	(10,435,029)
Lease liability	(720,287)	(2,279,925)	(2,750,400)	(2,026,199)	(7,776,811)
Trade debtor financing	-	(1,282,984)	-	-	(1,282,984)
Accrued expenses	(2,900,536)	(5,905,291)	-	-	(8,805,827)
Payroll liabilities	(3,278,936)	(18,081)	(28,116)	(9,440)	(3,334,573)
Other payables	(1,045,891)	(748,648)	-	-	(1,794,539)
	(17,012,844)	**(10,511,162)**	**(3,870,118)**	**(2,035,639)**	**(33,429,763)**

20. Financial instruments (continued)

(d) Market risk

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

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the presentation currency of the Company. The borrowings are denominated in the functional currency of the operating entity. This provides an economic hedge without derivatives being entered into. On the basis of a cost benefit analysis no currency risks are currently hedged.

The summary of quantitative data about the Group's exposure to currency risk as at 30 June 2020 is set out in the table below:

	Philippine Peso (PHP)	British Pound (GBP)	US Dollar (USD)
Assets	2,170,617	76,865	17,900,094
Liabilities	3,936,566	43,651	6,361,167
Net Assets	(1,765,949)	33,214	11,538,927
NPAT	621,277	(24,149)	(4,631,273)

The Group has GBP, USD and PHP bank accounts.

The following significant exchange rates applied during the current reporting period:

	Average rate	Reporting date spot rate
PHP / AUD	35.1750	34.3540
GBP / AUD	0.5329	0.5586
USD / AUD	0.6714	0.6863

Sensitivity analysis

Any change in the AUD against USD, GBP and PHP at 30 June 2020 would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit or loss by the amounts shown below. The analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and expenses.

	Equity		Profit or loss	
30 June 2020	Strengthening	Weakening	Strengthening	Weakening
AUD (5% movement)	(801,014)	885,331	329,790	(364,505)
AUD (10% movement)	(1,529,209)	1,869,033	629,599	(769,510)

20. Financial instruments (continued)

Interest risk

All of the Group's related party loans receivable and interest-bearing liabilities at the end of the reporting period are subject to fixed interest rates for the duration of their term. The Group's cash and cash equivalents earn interest at a variable interest rate. Depending on market trends the Group may consider a policy to fix a portion of its variable interest rate via an interest rate swap.

Profile

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments (including those in the disposal group and classified as held-for-sale) as reported to the management of the Group was as follows:

	Nominal amount	
For the reporting period ended 30 June	**2020**	**2019**
Fixed rate instruments	**$**	**$**
Financial assets	219,372	219,372
Financial liabilities	(19,207,449)	(9,059,795)
Variable rate instruments		
Financial assets	12,648,406	17,573,491
Financial liabilities	-	-
Net financial assets/(liabilities)	**(6,339,671)**	**8,733,608**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates at the end of the reporting period would have increased / (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
For the reporting period ended 30 June	**2020**	**2019**
Interest rate	**$**	**$**
Increase by 100 basis points	126,484	175,735
Decrease by 100 basis points	(126,484)	(175,735)

(e) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

21. Contributed equity

For the reporting period ended 30 June	2020	2020
Ordinary shares	No. of shares	$
Balance at beginning of the year	**158,170,799**	**59,775,954**
LTVCP shares cancelled during the year (refer note 12)	-	(279,000)
Share consolidation [1]	(118,627,926)[1]	-
Total contributed equity	**39,542,873**	**59,496,954**

For the reporting period ended 30 June	2019	2019
Ordinary shares	No. of shares	$
Balance at beginning of the year	158,170,799	59,845,704
LTVCP shares cancelled during the year (refer note 12)	-	(69,750)
Total contributed equity	**158,170,799**	**59,775,954**

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. Where the consolidation resulted in a fractional holding the Company rounded up to the nearest one (1) whole share.

All ordinary shares are fully paid and rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

22. Reserves

As at 30 June		2020	2019
	Note	**$**	**$**
Equity reserve [(a)]		(11,754,685)	(11,754,685)
General reserve [(b)]		(17,989,542)	(17,989,542)
LTVCP reserve [(c)]	12	355,858	328,613
General reserves		**(29,388,369)**	**(29,415,614)**
Option reserve [(d)]		3,095,100	3,095,100
Share buyback reserve [(e)]		(2,600,374)	(2,600,374)
Foreign currency translation reserve [(f)]		(3,937,931)	(3,957,076)
		(32,831,574)	**(32,877,964)**

(a) Equity reserve represents fair value adjustments of shares issued upon acquisition of Arowana International Holdings Limited on 4 April 2013

(b) General reserve represents transaction with non-controlling interest

(c) LTVCP or employee incentive plan reserve represents the amortisation of the estimated cost attributable over the life of the plan of shares issued under the employee long term value creation plan in 2015 (see Note 12)

(d) Option reserve represents VivoPower International PLC UPO Options

(e) Share buyback reserve represents fair value adjustments of shares bought back on 29 July and 27 October 2014

(f) Foreign currency translation reserve represents exchange differences arising on translation of foreign controlled entities.

23. Retained earnings

For the reporting period ended 30 June	2020	2019
	$	$
Opening retained earnings	30,622,374	37,987,317
Net loss for the year	(8,718,758)	(6,890,431)
Dividend paid	-	(474,512)
Closing retained earnings	**21,903,616**	**30,622,374**

24. Cash flow information

(a) Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

For the reporting period ended 30 June	2020	2019
	$	$
Cash and cash equivalents – Consolidated Statement of Financial Position	12,648,406	17,573,491
Cash and cash equivalents – Consolidated Statement of Cash Flows	**12,648,406**	**17,573,491**

24. Cash flow information (continued)

(b) Reconciliation of operating loss after income tax to net cash used in operating activities

Reconciliation of the operating loss after tax to the net cash flows from operations:	2020	2019
	$	$
Operating loss from ordinary activities after income tax	(13,074,615)	(12,144,785)
Cash flows excluded from profit attributable to operating activities		
Add/(subtract) non-cash items:		
Amortisation	1,602,701	2,715,910
Depreciation	4,994,713	4,670,610
Long Term Value Creation Plan expense	27,245	71,032
Profit on disposal of Thermoscan	-	(3,367,183)
Profit on disposal of Sun Connect and Vivo Rex	(1,209,512)	-
Loss / (gain) on disposal of fixed assets	(17,938)	998,851
Bad debts	-	245,311
Share of net losses of associates accounted for using the equity method	1,990,806	7,846
VivoPower Treasury Shares issued to employees	493,596	205,685
Foreign currency (gains) / losses	(252,359)	13,065
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:		
Assets		
(Increase) / decrease in trade and other receivables	2,494,957	3,955,200
Decrease / (increase) in other current assets	(1,394,980)	(8,515,402)
Decrease in deferred tax assets	760,190	1,984,281
Liabilities		
(Decrease) / increase in trade and other payables	(3,632,135)	13,389,948
Decrease in deferred tax liabilities	(345,475)	(2,015,524)
(Decrease) / increase in income tax payable	(709,256)	776,917
Increase / (decrease) in provisions	1,690,329	(920,060)
(Decrease) / increase in other payables	(3,750,774)	910,621
Net cash (used in) / from operating activities	**(10,332,507)**	**2,982,323**

24. Cash flow information (continued)

(c) Changes in liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

			Non-cash change		
For the year ended 30 June 2020	**1 July 2019**	**Cash flows**	**Foreign exchange movements**	**New leases recognised**	**30 June 2020**
Current					
Lease liabilities – right of use assets	2,908,410	(1,187,250)	-	1,634,708	3,355,868
Trade debtor financing	1,282,984	(543,767)	-	-	739,217
Term loans	-	2,898,551	-	-	2,898,551
Convertible notes	-	3,550,000	-	-	3,550,000
Non-current					
Lease liabilities – right of use assets	4,868,401	(1,987,344)	-	4,265,504	7,146,561
Government loans	-	250,000	-	-	250,000
Term loans	-	1,267,252	-	-	1,267,252
	9,059,795	**4,247,442**	**-**	**5,900,212**	**19,207,449**

25. Commitments

Given the adoption of AASB 16 Leases the ageing of leases is now disclosed in Note 20(c). There were no low-value or short-term leases at balance date.

26. Capital commitments

There were no capital commitments as at balance date.

27. Earnings per share

On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, earnings per share for the comparative period has been restated.

For the reporting period ended 30 June	2020	2019
	Cents	**Cents**
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(22.15)	(19.32)
From discontinued operations attributable to the ordinary equity holders of the Company	0.10	1.92
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(22.05)**	**(17.40)**
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(22.15)	(19.32)
From discontinued operations attributable to the ordinary equity holders of the Company	0.10	1.92
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(22.05)**	**(17.40)**
(c) Reconciliation of earnings used in calculating earnings per share	**$**	**$**
Loss attributable to the ordinary equity holders of the Company from continuing operations	(8,756,608)	(7,646,109)
Profit from discontinued operations attributable to the ordinary equity holders of the Company	37,850	755,678
	(8,718,758)	**(6,890,431)**

For the reporting period ended 30 June	2020	2019
	Numbers	**Numbers**
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	39,542,873	39,542,873[1]
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share	39,542,873	39,542,873[1]

[1] On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, the weighted average number of shares on issue in the comparative period has been restated.

28. Contingent assets and liabilities

There were no contingent assets at 30 June 2020.

The following contingent liabilities have been identified as at 30 June 2020:

(a) Litigation – VivoPower International PLC

On February 26, 2018, VivoPower's former Chief Executive Officer, Mr. Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. Mr. Comberg is claiming damages of £615,600 related to the notice period in his service agreement, £540,000 related to shares in VivoPower he alleges were due to him, and other unquantified amounts related to bonuses and past services fees alleged to be due.

On April 9,2018, VivoPower filed a defence and counterclaim, denying that a repudiatory breach was committed by VivoPower and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause.

On November 26, 2018, VivoPower agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount. No settlement has been reached with respect to Mr. Comberg's claim. VivoPower continues to strongly deny and defend the claim. After unsuccessful attempts at settlement, the matter was heard in the UK High Court in the first two weeks of March 2020. At the time of writing, VivoPower is still awaiting the verdict from the trial.

In the year ended June 30, 2020, VivoPower incurred US$0.9 million of legal fees in relation to this matter, in addition to amounts incurred in prior periods. VivoPower has also made a provision at 30 June 2020 of US$1.1 million for the expected outcome of the trial, including allocation of costs, based on legal counsel advice about the Company's chances of success for the different elements of the claims.

(b) Litigation – Intueri Education Group Ltd ("Intueri")

On 3 April 2020, the Company was notified that legal proceedings had been filed in the High Court of New Zealand in relation to Intueri.

The proceeding has been filed by Adina Thorn Lawyers, on behalf of certain persons who acquired an interest in Intueri shares during the course of its initial public offering ("IPO") which commenced on 15 April 2014, and on the open market thereafter during the period from 23 May 2014 and prior to 1 June 2017.

The Statement of Claim includes allegations of misleading or deceptive conduct in relation to statements made in the Intueri Prospectus and associated Investment Statement (collectively, "Offer Documents"). The allegations of untrue statements primarily concern enrolment numbers and completion rates pertaining to the proposed acquisition of Quantum Education Group ("Quantum") by Intueri upon IPO. The proceeding asserts the Company, among other parties, is liable for any resultant loss to the plaintiffs in its capacity as promoter of the IPO.

28. Contingent assets and liabilities (continued)

In relation to the substance of the allegations, the Company notes the following:

- The Offer Documents were subject to a detailed pre-vetting exercise by the Financial Markets Authority ("FMA") and New Zealand Exchange ("NZX") over a period exceeding a month, before they were approved for release. Neither the FMA nor the NZX reported any adverse findings. Furthermore, a group of experienced legal, accounting and investment banking advisers was engaged and formulated a comprehensive due diligence system under which a thorough due diligence process was carried out for the purpose of the preparation of the Offer Documents;
- The New Zealand education regulator, the Tertiary Education Commission ("TEC"), conducted multiple detailed reviews and periodic regulatory audits of Quantum, including in July 2013 and December 2013. The scope of these audits included the enrolment and retention practices which are the subject of this proceeding. No adverse findings were reported;
- Quantum, along with all other Private Training Establishments ("PTEs") in New Zealand, was required to submit an annual Investment Plan for review and approval by the TEC. The TEC has the right to terminate funding if a PTE is deemed to be non-compliant with regulatory requirements. This never happened to Quantum prior to its acquisition by Intueri and in fact, Quantum was granted additional student places for over-delivery above its cap;
- Company representatives, including its CEO Kevin Chin, met senior representatives of the TEC in a face-to-face meeting in Wellington, New Zealand in January 2014 to ask whether it had any concerns in relation to the potential acquisition of Quantum by Intueri, any regulatory issues or potential changes in relation to Quantum and also a potential IPO of Intueri to assist funding the acquisition. The TEC did not raise any concerns and were supportive of the transaction and IPO proceeding;
- Leading local industry experts in New Zealand were engaged in connection with the Offer Documents. These included a New Zealand education industry expert, who was previously a regulator who worked for the TEC, the largest law firm in New Zealand (who conducted legal due diligence) and a leading accounting firm in New Zealand (who conducted accounting due diligence);
- In response to press articles in New Zealand, the FMA investigated Intueri in 2015. The Serious Fraud Office of New Zealand also investigated Quantum over a period of 15 months from January 2016 to April 2017. Finally, the TEC commissioned an independent Big 4 accounting firm to perform a forensic investigation into Quantum and Intueri that concluded with the release of a TEC report in December 2017. No findings as to any illegality were made by any of these regulatory bodies;
- The liquidators of Intueri investigated its affairs and took no action; and
- It is alleged that prospective investors were misled, to the benefit of the Company and Kevin Chin. The Board notes, however, that the Company retained the maximum allowable shareholding possible subsequent to the IPO of 24.99%, notwithstanding that the IPO was oversubscribed. Further, Kevin Chin personally invested circa $750,000 in the IPO, having been scaled back from an initial order of over $1 million. Neither the Company nor Kevin Chin sold any shares post-IPO.

28. Contingent assets and liabilities (continued)

The Company intends to vigorously defend this proceeding and is considering other legal options in relation to certain public statements made by the plaintiffs' lawyers. Given the above, the Group's financial statements as at 30 June 2020 do not include a provision for any potential settlement in relation to this matter.

(c) Bank guarantees

One of the Company's operating subsidiaries has issued bank guarantees totalling approximately $1.5 million to customers to secure performance obligations under power services contracts. These obligations are secured by first charge over the assets of J A Martin Electrical Pty Ltd.

29. Related party transactions

Key management personnel compensation

For the reporting period ended 30 June	2020	2019
	$	$
Short-term employee benefits	1,957,257	2,793,638
Post-employment benefits	99,828	116,808
Other long-term benefits	56,148	138,066
	2,113,233	**3,048,512**

Individual directors and executive compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report. Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Key management personnel transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial and operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

29. Related party transactions (continued)

The aggregate value of transactions relating to key management personnel and entities over which they have control or joint control were as follows:

Expense transactions	Transaction	2020	2019
		$	$
Director			
Robert McKelvey	Director fees	45,875	50,000
Robert McKelvey	Reimbursement of expenses	236	183
Anthony Kinnear	Director fees	-	8,333
Ed Fernandez	Director fees	45,875	50,000
Key management personnel			
Cameron Fellows	Reimbursement of expenses	4,738	4,049
Dustin Cappelletto	Reimbursement of expenses	79,539	22,052
Gary Hui	Reimbursement of expenses	-	12,000
Kevin Chin	Reimbursement of expenses	24,562	72,023
Sean Steele	Reimbursement of expenses	6,802	75,323
Other related parties			
Arowana Partners Group Pty Ltd (a)	Director fees	27,500	30,000
Arowana Partners Group Pty Ltd (a)	Contractors fees	-	-
Arowana Partners Group Pty Ltd (a)	Research fees	150,000	184,991
Arowana Partners Group Pty Ltd (a)	Reimbursement of expenses	285,459	198,717
Arowana Capital Pty Ltd (a)	Reimbursement of expenses	-	88,680
Borneo Capital Pty Ltd (a)	Rent	359,654	360,934
Borneo Capital Pty Ltd (a)	Reimbursement of expenses	-	5,073

Revenue transactions	Transaction	2020	2019
		$	$
Other related parties			
Arowana Capital Pty Ltd (a)	Reimbursement of expenses	47	170
Arowana Partners Group Pty Ltd (a)	Reimbursement of expenses	5,916	10,969
Arowana Group (Asia) Pte Ltd	Reimbursement of expenses	2,506	11,709
Borneo Capital Pty Ltd (a)	Reimbursement of expenses	-	2,186
FX2School Pty Ltd (a)	Reimbursement of expenses	-	42
Aevitas Group Limited(d)	Reimbursement of expenses	17,529	-
V.V.P.Holdings, Inc. (b)	Reimbursement of expenses	3,056	1,963
Viento Group Limited (c)	Reimbursement of expenses	33,774	8,236

29. Related party transactions (continued)

Payables balance at balance date

The aggregate value of payables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2020	2019
	$	$
Arowana Partners Group Pty Ltd [a]	165,503	(9,345)
Borneo Capital Pty Ltd [a]	76,122	23,458
Kevin Chin	-	59,243

Receivables balance at balance date

The aggregate value of receivables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2020	2019
	$	$
Arowana Capital Pty Ltd [a]	-	8
Arowana Partners Group Pty Ltd [a]	-	3,324
FX2School Pty Ltd [a]	12,845	12,845
Evolution Group Holdings Ltd [a]	128,846	-
A.C.N. 109 656 233 Pty Ltd [a]	71,000	-
Viento Group Limited [c]	33,000	-

(a) entity related to Kevin Chin

(b) entity related to VivoPower Pty Ltd (V.V.P Holdings, Inc)

(c) entity AWN has investment in (Viento Group Limited)

(d) entity AWN has investment in (Aevitas Group Limited)

(e) all reimbursement of expenses relates to occupancy costs, salaries on charged, travel expenses, etc. The expenses have been incurred by the supplier on behalf of the Company.

30. Controlled entities

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held 2020	2019
Parent entity				
AWN Holdings Limited				
Controlled entities of AWN Holdings Limited				
Arowana Australasian Holdings Limited	Australia	Ordinary	100	100
Arowana Education Holdings Pty Ltd	Australia	Ordinary	100	100
Thermoscan Holdings Pty Ltd	Australia	Ordinary	100	100
AWN Funds Management Pty Limited	Australia	Ordinary	100	100
AWN Special Situations Fund 1 Holdings Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Fund 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Carry 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1A Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1B Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1C Pty Limited	Australia	Ordinary	100	100
AWN Value Opportunities Fund Pty Limited	Australia	Ordinary	100	100
ACVF Management Pty Limited	Australia	Ordinary	100	100
Arowana Energy Holdings Pty Limited	Australia	Ordinary	100	100
EdventureCo Holdings Pty Ltd	Australia	Ordinary	100	100
EdventureCo Pty Ltd	Australia	Ordinary	100	100
Everthought Education Holdings Pty Ltd	Australia	Ordinary	100	100
Everthought Education Pty Ltd	Australia	Ordinary	100	100
Everthought College of Construction Holdings Pty Ltd	Australia	Ordinary	100	100
Everthought College of Construction Pty Ltd	Australia	Ordinary	100	100
DDLS Australia Holdings Pty Limited	Australia	Ordinary	100	100
DDLS Australia Pty Limited	Australia	Ordinary	100	100
DDLS Aboitiz Inc	Philippines	Ordinary	60	60
Courseware Market Holdings Pty Ltd	Australia	Ordinary	100	-
Courseware Market Pty Ltd	Australia	Ordinary	100	-
Organisational Plasticity Institute Pty Ltd	Australia	Ordinary	90	-
AlicornCo Pty Limited	Australia	Ordinary	100	100
Alicorn CoInvest Pty Ltd	Australia	Ordinary	100	-
Arowana REIF Fund Pty Limited	Australia	Ordinary	-	100

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held 2020	2019
Arowana REIF Management Pty Limited	Australia	Ordinary	-	100
Arowana Impact Capital Group Pte Ltd	Singapore	Ordinary	100	-
ASIOF Fund Pty Limited	Australia	Ordinary	100	100
ASIOF Investments 1 Pty Limited	Australia	Ordinary	100	100
ASIOF Management Pty Limited	Australia	Ordinary	100	100
Arowana International USA LLC	USA	Ordinary	100	100
Arowana International UK Limited	UK	Ordinary	100	100
ACN 637 154 940 Pty Ltd	Australia	Ordinary	95	-
VivoPower Pty Limited	Australia	Ordinary	60	60
ACN 613885224 Pty Limited[1]	Australia	Ordinary	-	60
VivoPower WA Pty Limited	Australia	Ordinary	60	60
VVP Project 1 Pty Limited	Australia	Ordinary	60	60
VVP Project 2 Pty Limited[1]	Australia	Ordinary	-	60
Amaroo Solar Pty Limited	Australia	Ordinary	60	60
Amaroo Solar TCo Pty Limited[1]	Australia	Ordinary	-	60
Amaroo Solar HCo Pty Limited[1]	Australia	Ordinary	-	60
Amaroo Solar FCo Pty Limited[1]	Australia	Ordinary	-	60
SC TCo Pty Limited	Australia	Ordinary	60	60
SC HCo Pty Limited	Australia	Ordinary	60	60
SC FCo Pty Limited	Australia	Ordinary	60	60
SC OCo Pty Limited	Australia	Ordinary	-	60
Aevitas O Holdings Pty Limited	Australia	Ordinary	60	60
Aevitas Group Limited	Australia	Ordinary	60	60
Aevitas Holdings Pty Limited	Australia	Ordinary	60	60
DGI Pty Limited	Australia	Ordinary	-	60
Electrical Engineering Group Pty Limited	Australia	Ordinary	60	60
J.A. Martin Electrical Pty Limited	Australia	Ordinary	60	60
Kenshaw Electrical Pty Limited	Australia	Ordinary	60	60
Yoogali Solar Farm Pty Ltd *	Australia	Ordinary	36	36
Daisy Hill Solar Farm Pty Ltd *	Australia	Ordinary	36	-
VivoPower International PLC	UK	Ordinary	60	60
VivoPower International Holdings Limited	UK	Ordinary	60	60
VivoPower International Services Limited	Jersey	Ordinary	60	60
VivoPower USA LLC	USA	Ordinary	60	60
VivoRex LLC	USA	Ordinary	-	60
VivoPower US-NC-31, LLC	USA	Ordinary	60	60
VivoPower US-NC-47, LLC	USA	Ordinary	60	60
VivoPower (USA) Development, LLC	USA	Ordinary	60	60
VivoPower Singapore Pte. Ltd.	Singapore	Ordinary	-	60

Name of Entity	Country of incorporation	Class of shares	Percentage of ordinary shares held 2020	2019
V.V.P. Holdings Inc *	Philippines	Ordinary	24	24
VivoPower Philippines Inc *	Philippines	Ordinary	39	39
VivoPower RE Solutions Inc *	Philippines	Ordinary	39	39

* These entities are under the control of wholly-owned subsidiaries of VivoPower International PLC and are therefore treated as subsidiaries for the purposes of the consolidated financials of AWN Holdings Limited.

[1] These subsidiary companies were deregistered during the year ended 30 June 2020.

31. Events subsequent to reporting date

On 24 August 2020, VivoPower announced its intention to expand into the commercial electric vehicle (EV) and battery storage sectors. Please refer to the Chairman's and CEO's letter included within this Annual Report for further details on this development.

Subsequent to year-end, VivoPower received a proposal from its joint venture partner, Innovative Solar Systems (ISS), where they offered to transfer ownership of their 50% share of the Innovative Solar Ventures I, LLC joint venture to VivoPower for US$1 consideration. However, the offer is conditional upon VivoPower foregoing any rights to future claims against ISS. At the date of this report, negotiations are continuing with VivoPower electing not to accept the initial offer.

Whilst the duration of the COVID-19 pandemic is uncertain, the Group expects short term effects from the pandemic will continue and it is likely the current environment will impact first half earnings. From an operational perspective, however, the Group's operating segments are continuing to adapt efficiently to new ways of delivering services and are well placed to withstand these conditions and to identify and capitalise on unique opportunities where they arise.

No other matters or circumstances have arisen since the end of the financial year 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 years.

32. Auditor's remuneration

For the reporting period ended 30 June	2020	2019
	$	$
(a) PKF Brisbane Audit		
Audit and review of financial statements of AWN Holdings Limited and its controlled entities	297,500	285,250
Other services	-	-
(b) PKF Tax Pty Ltd (NSW)		
Provision of taxation services	55,000	43,450
(c) PKF Littlejohn LLP		
Audit and review of financial statements of VivoPower International PLC	138,090	268,656
Total paid to PKF Brisbane Audit and its network firms	**490,590**	**597,356**

33. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding-up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding-up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound-up.

By entering into the Deed, the wholly-owned entities have, where applicable, been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission. The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the 'Extended Closed Group'.

33. Deed of Cross Guarantee (continued)

The subsidiaries subject to the Deed are:

- Arowana Australasian Holdings Limited;
- Arowana Education Holdings Pty Ltd;
- EdventureCo Holdings Pty Ltd;
- EdventureCo Pty Ltd;
- DDLS Australia Holdings Pty Ltd; and
- DDLS Australia Pty Ltd.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of Financial Position	2020	2019
Assets	$	$
Current assets	12,814,000	11,918,498
Non-current assets	108,850,413	98,772,027
Total assets	**121,664,413**	**110,690,525**
Liabilities		
Current liabilities	21,519,330	16,456,036
Non-current liabilities	26,080,172	19,353,643
Total liabilities	**47,599,502**	**35,809,679**
Net assets	**74,064,911**	**74,880,846**

Statement of Comprehensive Income	2020	2019
	$	$
Total loss	(3,741,266)	(2,689,360)
Total comprehensive income	(3,741,266)	(2,689,360)

34. Parent entity information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position	2020	2019
Assets	$	$
Current assets	2,916,621	6,120,878
Non-current assets	116,721,769	105,677,020
Total assets	**119,638,390**	**111,797,898**
Liabilities		
Current liabilities	4,879,674	2,470,519
Non-current liabilities	18,594,996	14,734,272
Total liabilities	**23,474,670**	**17,204,791**
Net assets	**96,163,720**	**94,593,107**

Statement of Equity	2020	2019
	$	$
Issued capital	59,995,069	60,274,069
Capital raising costs	(486,020)	(486,020)
Retained earnings	50,653,870	48,831,504
Reserves	(13,999,201)	(14,026,446)
Total equity	**96,163,720**	**94,593,107**

Statement of Comprehensive Income	2020	2019
	$	$
Total loss	(1,065,834)	(2,167,291)
Total comprehensive income	(1,065,834)	(2,167,291)

Guarantees

The Company has entered into a Deed of Cross Guarantee with a number of its wholly-owned subsidiaries. Please refer note 33 for further details. The Company has provided no other guarantee.

34. Parent entity information (continued)

Contingent assets and liabilities

The Company has no contingent assets as at 30 June 2020.

The Company has no contingent liabilities as at 30 June 2020.

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

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 30 June 2020 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations by the Chief Executive Officer and the person performing the Chief Financial Officer function required by section 295A of the *Corporations Act 2001* which states that:
   (a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
5. At the date of this declaration, there are reasonable grounds to believe that the Company and the members of the extended closed group identified in Note 33 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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 Tser Fah Chin

Executive Chairman & Chief Executive Officer

27 August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AWN HOLDINGS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of AWN Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of AWN Holdings Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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1. Carrying value of intangible assets including goodwill

Why significant	How our audit addressed the key audit matter
As at 30 June 2020, the consolidated entity recorded the following intangible assets: • Goodwill of $32.5 million • Intangible assets of $12.75 million The consolidated entity accounting policy in respect of goodwill and intangible assets is outlined in Note 2(f). Annual impairment testing for goodwill and other intangible assets with indefinite useful lives is required under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. The intangible assets noted above, excepting goodwill, are mainly intangible assets with a finite useful life and therefore under the AASB 136 are required to be tested if there is any indication assets may be impaired. The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining the key assumptions, which include: • 5-year cash flow forecast (including impact of the COVID-19 pandemic); • Terminal value growth factor; • Discount rate; and • Growth rate. Management engaged an independent expert to assist with the determination of an appropriate discount rate and with the overall construct of the models. The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of intangible assets including goodwill is an area of significant estimation and judgement.	Our work included, but was not limited to, the following procedures: • understanding the process that management undertakes to evaluate whether there are any indicators of impairment; • assessing and challenging the growth rates used in the forecast models, including comparing the growth rate in the industry; • assessing the competency and objectivity of the independent expert and the scope of their work; • assessing and challenging where applicable the discount rates applied in the forecast models; • assessing how the impact of the COVID-19 pandemic has been addressed in the cash flow forecasts; • testing, on a sample basis, the mathematical accuracy of the cash flow models; • agreeing inputs in the cash flow models to relevant data including approved budgets and latest forecasts; and • performing sensitivity analyses in relation to key assumptions including discount rate, growth rate and terminal value. In addition, as part of our procedures: • we assessed the consolidated entity's determination of Cash Generating Units (CGUs); and • we assessed the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 15.

2. Funding and Liquidity

Why significant	How our audit addressed the key audit matter
As detailed in note 2(a), the consolidated entity recorded a loss after tax from continuing operations of $13.1m (2019: loss of $12.9m) and net cash outflows from operations of $10.3m (2019: net cash inflows from	We have evaluated management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are

operations of $2.98m). Current liabilities of the consolidated entity exceeded current assets by $12.2m (2019: current asset surplus of $7.3m).

The consolidated entity has prepared a forecast which demonstrates that there will be sufficient funding to operate for a period that is not less than twelve months beyond the date that these financial statements are approved. The forecast takes into account the available cash on hand at year-end, combined with the forecast cash flows from operations.

Given the judgement involved in determining the forecast cash flows from operations, we have included the funding and liquidity position as a key audit matter.

feasible in the circumstances. This included evaluating the consolidated entity's latest cash flow forecast for a period that is not less than 12 months beyond the date of the financial statements being approved. We have considered whether there are indicators that the consolidated entity may face a liquidity shortfall and assessed the resulting implications by:

- understanding and challenging the reasonableness of key assumptions used by the consolidated entity in their cash flow forecast, including the assessed impact of the COVID-19 pandemic;
- performing a retrospective review of the consolidated entity's prior year cash flow forecast to assess management's historical accuracy in preparing cash flow forecasts and in applying this historical accuracy to the current cash flow forecast;
- performing sensitivity analysis to determine the robustness of the cash flow forecast and the impact of changing key assumptions; and
- assessing the adequacy of the disclosures made by management in the consolidated financial statements.

Other Information

The Directors of the company are responsible for the Other Information in the annual report. Other Information is financial and non-financial information in the annual report of the consolidated entity for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AWN Holdings Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

27 AUGUST 2020
BRISBANE

Additional Information for Listed Companies

ASX additional information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 24 August 2020.

Substantial shareholders

The names of the substantial shareholders listed in the holding Company's register at 24 August 2020 (19 August 2019) are:

Shareholders	Number of shares	
	2020	2019
Contemplator Pty Ltd <Arg Pension Fund A/C>	3,367,584	2,292,584
HSBC Custody Nominees (Australia) Limited	3,028,481	3,303,637
AIA Investment Management Pty Ltd	2,307,355	2,841,855
K&B Richards Pty Ltd <Richards Super Fund A/C>	2,143,750	2,143,750

On 12 June 2020, AWN shareholders voted to approve a consolidation of total shares on issue, such that every four (4) fully paid ordinary shares were converted into one (1) fully paid ordinary share. As such, in order to provide consistency with the current presentation, the number of shares held by substantial shareholders in the comparative period has been restated.

Voting rights

The consolidated entity has one class of ordinary shares with equal voting rights attached to them.

Distribution of equity security holders

There were no holders of less than a marketable parcel of ordinary shares. There are no securities subject to voluntary escrow.

Holdings Ranges	Number of Shareholders	Total number of shares	%
1-1,000	125	37,761	0.10
1,001-5,000	197	586,939	1.48
5,001-10,000	152	1,080,638	2.73
10,001-100,000	274	7,993,848	20.22
100,001 and over	61	29,843,687	75.47
Total	**809**	**39,542,873**	**100**

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Twenty largest shareholders

Shareholders	Ordinary shares Number	Ordinary shares %
Contemplator Pty Ltd <Arg Pension Fund A/C>	3,367,584	8.52%
HSBC Custody Nominees (Australia) Limited	3,028,481	7.66%
AIA Investment Management Pty Ltd	2,307,355	5.84%
K&B Richards Pty Ltd <Richards Super Fund A/C>	2,143,750	5.42%
181 Foundation Pty Limited <Chin Family Super Fund A/C>	1,780,262	4.50%
Panaga Group Pty Ltd <The Panaga Group A/C>	1,769,980	4.48%
Global Mutual Funds Pty Ltd	813,415	2.06%
Nwod Montpelier Investments Pty Limited	750,000	1.90%
Impulsive Pty Ltd <Dawson Super Fund A/C>	714,250	1.81%
Alochan Pty Limited <Share A/C>	683,036	1.73%
Stitching Pty Ltd <SSG Superannuation Fund A/C>	663,792	1.68%
Clurname Pty Ltd	655,500	1.66%
Traoj Pty Ltd <Traoj A/C>	612,144	1.55%
Yellow Diamond Pty Ltd <Navsar Super A/C>	573,255	1.45%
OHJS Group Pty Ltd <Super Hans Super Fund A/C>	514,250	1.30%
Wavet Fund No 2 Pty Ltd	477,858	1.21%
Pintia Pty Ltd <Peter Curry Super Fund A/C>	455,000	1.15%
Mr Orange Pty Ltd <Mr White Pension Fund A/C>	399,922	1.01%
Florence In Fall Pty Ltd <Adriot Super Fund A/C>	395,811	1.00%
Leanganook Pty Ltd <Leanganook S/F A/C>	357,500	0.90%
Total for twenty largest shareholders	**22,463,145**	**56.81%**
Total Issued Capital	**39,542,873**	

Securities exchange listing

The Company is listed on the Australian Securities Exchange.

ASX Code

AWN

Company Secretary

The name of the Company Secretary is Mr Cameron Fellows

Principal registered office in Australia

Level 11, 153 Walker Street, North Sydney NSW 2060

Telephone: (02) 8083 9800 Fax: (02) 8083 9804

Registers of securities

The registers of securities are held at the following address:

Boardroom Pty Limited

Level 12, 225 George Street, Sydney NSW 2000

Telephone: 1300 737 760 Fax: 1300 653 459

Email: enquiries@boardroomlimited.com.au

AWN Holdings Limited and its Controlled Entities

For the year ended 30 June 2020

Corporate Directory

Corporate Directory

Directors	Mr Kevin Chin (Executive Chairman 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	Thomson Geer Level 28, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Stock Exchange	Australian Securities Exchange AWN – Ordinary Shares
Website	www.arowanaco.com