AROWANA®

27 August 2019

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

Subject: Annual Report for Year Ended 30 June 2019 and Appendix 4E

The Directors of Arowana International Limited (ASX: AWN) are pleased to release the Annual Report and Appendix 4E for the year ended 30 June 2019. The accompanying Investor Presentation will be released as a separate announcement.

On behalf of the Board of AWN,

Cameron Fellows
Company Secretary

Sydney
Level 11, 153 Walker Street
North Sydney, NSW 2060
Australia
+61 2 8083 9800

Brisbane
Level 11, 110 Mary Street
Brisbane, QLD 4000
Australia
+61 7 3182 3200

London
Unit 3.02
411-413 Oxford Street
London, W1C 2PE
United Kingdom

Singapore
7 Straits View
Marina One East Tower
#05-01
Singapore 018936

Manila
Unit 10A, 5th Avenue cor.
26th Street E-Square
Crescent Park West
Bonifacio Global City
Taguig, Philippines

Los Angeles
1221 Hermosa Avenue
Hermosa Beach CA 90254
USA

ACN 103 472 751
info@arowanaco.com
www.arowanaco.com

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Arowana International Limited and its Controlled Entities (AWN)

ACN 103 472 751

Appendix 4E - Preliminary Final Report for the year ended 30 June 2019

(Previous corresponding period: year ended 30 June 2018)

Results for Announcement to the Market

				2019 A$	2018 A$
Revenue from continuing operations	up	36%	to	109,549,289	80,594,354
Loss after tax from continuing operations attributable to members	up	38%	to	(7,603,948)	(12,178,344)
Profit after tax from discontinued operations attributable to members	down	10%	to	713,517	796,720
Net loss for the year attributable to members	up	39%	to	(6,890,431)	(11,381,624)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend – 2018, paid 15 October 2018	0.30 cents	0.30 cents

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

Brief explanation necessary to enable the figures to be understood:

Please refer to attached Annual Report for the year ended 30 June 2019.

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period
From continuing and discontinued operations combined		
Basic EPS	(4.35) cents	(7.20) cents
Diluted EPS	(4.35) cents	(7.20) cents

NTA backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	9.9 cents	15.8 cents

Additional information:

For additional information required under listing rule 4.3A, please refer to the attached Annual Report for the year ended 30 June 2019.

Commentary on the Results for the Period:

For commentary on the results of AWN for the year ended 30 June 2019, please refer to the attached Annual Report, including the Chairman's & CEO's Letter.

Audit/Review Status

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

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Annual Report for the year ended 30 June 2019

Cameron Fellows
Company Secretary
27 August 2019

AROWANA

Arowana International Limited and its Controlled Entities

ACN 103 472 751

Annual Report for the year ended 30 June 2019

AROWANA

Arowana International Limited and its Controlled Entities

ACN 103 472 751

Annual Report for the year ended 30 June 2019

Chairman's & CEO's Letter

Dear Fellow Shareholders,

27 August 2019: The Company has delivered an improved performance in FY2019 with the following key financial highlights:

- Consolidated revenues of A$109.5m, representing a new record and an increase of 36% on the previous financial year;
- Improved underlying EBITDA result, with an EBITDA loss of ($1.5m) representing a 73% improvement on the previous year's underlying EBITDA loss of ($5.6m); and
- Increase in net cash to $8.5m as at 30 June 2019, as compared to a net debt position of $1.0m as at 30 June 2018.

FY2019 in Review

For FY2019, we set our annual theme to be Drive Value Realisation with the following strategic enterprise objectives:

- VivoPower International – crystallise intrinsic portfolio value;
- EdventureCo – drive profitable growth across new markets;
- Arowana Funds Management – deliver profitable FUM growth across all products;
- Thermoscan – realise maximum value from potential sale;
- ArowanaU – build out machine learning capabilities; and
- Enterprise Office – transform into a profit centre.

We delivered on 3 out of the 6 strategic objectives above during FY2019 with the main achievement being the successful sale of Thermoscan for a price that exceeded expectations. EdventureCo and ArowanaU also met their strategic objectives.

EdventureCo achieved results above expectations, with revenue up 67% to $42.7m and underlying EBITDA up 447% to $5.5m. Furthermore, in March 2019, EdventureCo consummated a strategic joint venture with one of the Philippines' leading conglomerate groups, Aboitiz Equity Ventures (AEV) to roll out vocational colleges all across the Philippines. The first IT courses were delivered in August 2019 and we expect the Philippines will be a long-term growth driver that has the potential to surpass the existing Australian business in revenue and profit contribution over time, given a population of over 100 million people with a youthful average age of 24 and one of the world's largest business and knowledge process outsourcing industries. We have already commenced discussions with counterparties in other ASEAN countries with a view to entering similar joint ventures and in keeping with our stated strategic growth objectives for Asia.

VivoPower delivered a 29% increase in consolidated revenue to $61.4m and a 35% improvement in underlying consolidated EBITDA, albeit still a loss of $2.5m. This was largely attributable to a strong year of growth for Aevitas, the critical power services division in Australia. However, VivoPower did not achieve its objective of crystallising intrinsic portfolio value, especially in relation to the US solar development project portfolio. This process has been strategically rebooted since the appointment of a new specialist in-house advisor in November 2018 who conducted a forensic review into the project portfolio and uncovered a number of project development issues that needed to be remediated.

These issues have since been rectified, including a lack of engagement with and by the JV partner, weak project paperwork controls relating to permits and interconnect agreements, out-of-date financial models as well as a limited, low budget and inappropriate PPA (power purchase agreement) origination strategy. Whilst VivoPower received offers for the entire portfolio of as well as selected projects, it was decided that portfolio value can be further enhanced on a project-by-project basis through detail-focussed and value accretive development activity, especially in relation to the origination of PPAs.

Arowana Funds Management is a significantly smaller business unit when compared to VivoPower and EdventureCo. It contributed lower revenue and EBITDA in FY2019 as compared to the previous financial year. After adjusting for the FY2018 performance fee of $5m, base management fee revenue decreased by 10% to $1.3m reflecting a decline in funds under management for Arowana Contrarian Value Fund. As a result, total funds under management (FUM) declined marginally to $149m. An EBITDA loss of $1.1m was incurred in FY2019 as a result of employee costs associated with establishing the private credit asset management arm.

Following the attainment of our B Corp accreditation, the funds management arm is being rebranded as Arowana Impact Capital with a dedicated commitment to sustainable investing that meets B Corp's ESG (environmental, social and governance) protocols. In addition, following positive engagement with Singapore's financial regulator, the Monetary Authority of Singapore (MAS) and its Economic Development Board (EDB), Arowana Impact Capital will be headquartered in Singapore from 1 September 2019. It will be the first and only B Corp accredited asset manager headquartered in the fast-growing ASEAN region. This will expand its addressable market beyond just Australia to ASEAN (which has a relatively youthful and growing population of over 600 million people) as well as expand its addressable market of impact focussed investors, especially in Europe, the UK and Japan.

FY2020 Enterprise Objectives

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

- VivoPower International – 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.

Final Remarks

In closing, I would like to take this opportunity to thank the Arowana 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. I would also again like to thank our fellow shareholders for their investment in Arowana and for their continued patience. We are continuing to work and fight hard to deliver value to them over the long term.

Yours sincerely

Kevin Chin

Executive Chairman and Chief Executive Officer

Corporate Governance Statement

Arowana International Limited (the "**Company**" or "**AWN**") and its controlled entities (together "**Group**") is committed to operating effectively and in the best interests of shareholders. The Group had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2019 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/2019/09/AWN-Corp-Gov-Stmt-2019.pdf

Directors' Report for the year ended 30 June 2019

The Directors of Arowana International 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 2019 ("**the reporting period"**).

Arowana International 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

Mr. Anthony Kinnear was a Non-Executive Director from the beginning of the financial year until his resignation on 17 August 2018.

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, education and diagnostic testing); Funds Management Division and the Arowana Enterprise Office.

Effective 1 May 2019, the Group disposed of its investment in its diagnostic testing business, Thermoscan Inspection Services Pty Ltd ("Thermoscan"), for gross proceeds of $6.0m. The Group effectively exited the diagnostic testing sector upon disposal of Thermoscan.

There were no other 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 $12,144,785 (2018: loss of $24,958,462).

Review and results of operations

Statutory Financial Highlights

Statutory operating revenue for the year ended 30 June 2019 increased by 36% to $109.5 million (2018: $80.6 million) due primarily to significantly increased revenues from EdventureCo, the Group's education platform, together with strong organic growth from VivoPower's Aevitas business unit in Australia.

The statutory EBITDA and loss after tax from continuing operations for the year ended 30 June 2019 were a loss of $3.7 million (2018: loss of $26.5 million) and a loss of $12.9 million

(2018: loss of $25.8 million) respectively. This represents a significant improvement on the previous financial year. However, key factors that contributed to the loss were:

- Decline in solar project developer fee revenue in VivoPower in the United States;
- Non-recurring restructuring, remuneration and professional fees ($3.5 million) incurred by VivoPower in connection with a cost reduction programme for the business;
- Investment by EdventureCo in geographic expansion into the ASEAN region, including the establishment of its joint venture with Aboitiz Equity Ventures Inc. in the Philippines;
- Continued investment into the growth of the Funds Management division in support of the launch of a new product, the Australian Special Income Opportunities Fund ("ASIOF"); and
- Non-cash amortisation of identifiable intangibles ($2.7m) 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 2019:

All figures in A$ millions	Year ended 30 June 2019 – statutory (audited)	Year ended 30 June 2018 – statutory (audited) *	% change
Operating Revenue	109.5	80.6	36
Interest Income	0.1	0.2	(56)
Total Income	109.6	80.8	36
Other Income	0.3	0.2	83
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	(3.7)	(26.5)	86
Earnings Before Interest and Tax (EBIT)	(10.9)	(30.0)	64
Profit / (Loss) Before Tax (PBT)	(12.1)	(31.3)	61
Tax Expense / (Benefit)	0.8	(5.5)	*nmf*
Net Profit / (Loss) After Tax (NPAT) from continuing operations	(12.9)	(25.8)	50
Earnings per Share (EPS)	(4.4) cents	(7.2) cents	40
Dividend per Share (DPS)	-	0.3 cents	(100)
Net Tangible Assets (NTA) per Share	9.9 cents	15.8 cents	(37)

nmf – no meaningful comparison

** The Group has elected to early adopt AASB 16 Leases and has applied the simplified modified retrospective approach permitted on transition. As such, comparative statutory and underlying financial information for the year ended 30 June 2018 has not been restated.*

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 2019 versus the year ended 30 June 2018, 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, $3.5 million (2018: $4.8 million);
- Excluding the impact of non-recurring project costs incurred by the Enterprise Office, principally related to the launch of the Australian Special Income Opportunities Fund ("ASIOF"), $0.5 million (2018: $0.9 million);
- Excluding any unrealised foreign exchange gains from foreign currency holdings, $0.3 million (2018: $0.2 million);
- Excluding the impact of EdventureCo's non-recurring project and restructuring costs, and fees incurred in connection with business combinations $0.7 million (2018: $1.0 million);
- Reinstating the results of Thermoscan for the period of ownership from 1 July 2018 through to 30 April 2019, which has been treated as a discontinued operation for statutory reporting purposes, $0.7 million (2018: $0.8 million);
- Excluding the non-cash provision for impairment arising from the disposal of VivoPower's remaining interests in NC 31 & NC 47, NIL (2018: $13.0 million);
- Excluding the non-cash provision for impairment on the Group's investment in VivoPower Philippines, NIL (2018: $0.8 million); and
- Excluding proceeds received from a confidential legal settlement in relation to a prior period transaction, NIL (2018: $0.4M).

Reconciliation of Statutory to Underlying Results

All figures in A$ thousands	Year ended 30 June 2019 EBIT	Year ended 30 June 2019 EBITDA	Year ended 30 June 2018 * EBIT	Year ended 30 June 2018 * EBITDA
Statutory reporting basis	**(10,924)**	**(3,723)**	**(30,038)**	**(26,469)**
VivoPower International				
Reverse unrealised FX losses	1,058	1,058	772	772
Reverse non-cash impairment expense	-	-	13,762	13,762
Add back from discontinued operations	106	106	-	-
Normalisation of non-recurring expenses	3,535	3,535	4,783	4,783
EdventureCo Group				
Reverse one-off proceeds received from a confidential legal settlement	-	-	(364)	(364)
Normalisation of non-recurring restructuring expenditure	728	728	962	962
Thermoscan				
Add back from discontinued operations	684	742	829	916
Arowana Funds Management				
Normalisation of non-recurring expenses	23	23	-	-
Enterprise Office				
Reverse unrealised FX gains	(1,402)	(1,402)	(834)	(834)
Normalisation of project costs	535	535	995	995
Normalisation of non-recurring expenses	228	228	-	-
Unallocated				
Reverse one-off gain on disposal of Thermoscan	(3,367)	(3,367)	-	-
Realised foreign exchange losses / (gains) not allocated to business units	56	56	(96)	(96)
Underlying reporting basis	**(8,740)**	**(1,481)**	**(9,229)**	**(5,573)**

** The Group has elected to early adopt AASB 16 Leases and has applied the simplified modified retrospective approach permitted on transition. As such, comparative statutory and underlying financial information for the year ended 30 June 2018 has not been restated.*

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

All figures in A$ millions	Year ended 30 June 2019 - underlying (unaudited)	Year ended 30 June 2018 - underlying (unaudited) *	% change
VivoPower International	61,345	47,610	29
EdventureCo Group	42,714	25,638	67
Thermoscan	2,559	2,751	(7)
Arowana Funds Management	1,300	6,447	(80)
Enterprise Office	481	536	(10)
Total Revenue	**108,399**	**82,982**	**31**
VivoPower International	(2,476)	(3,785)	35
EdventureCo Group	5,546	1,013	447
Thermoscan	742	916	(19)
Arowana Funds Management	(1,054)	814	*nmf*
Enterprise Office	(4,239)	(4,531)	6
Total EBITDA	**(1,481)**	**(5,573)**	**73**
Total EBIT	**(8,740)**	**(9,229)**	**5**
Realised FX gains / (losses)	(56)	96	*nmf*
Interest Income	96	220	(56)
Interest Expense	(1,312)	(1,484)	12
Net Interest Income	(1,216)	(1,264)	4
Total Underlying PBT	**(10,012)**	**(10,397)**	**4**
Tax (expense) / benefit	(761)	5,547	*nmf*
Underlying Group NPAT	**(10,770)**	**(4,850)**	**(122)**

nmf – no meaningful comparison

NOTE: Numbers may not compute exactly due to rounding

** The Group has elected to early adopt AASB 16 Leases and has applied the simplified modified retrospective approach permitted on transition. As such, comparative statutory and underlying financial information for the year ended 30 June 2018 has not been restated.*

Key comments in relation to the above table:

VivoPower International

- VivoPower International PLC's ("VivoPower") contribution to the Group's underlying revenue and EBITDA reflects the consolidated results of VivoPower, in which the Group holds a controlling interest of 60.3% of the ordinary equity.

- VivoPower delivered $61.3m in consolidated revenue for the year ended 30 June 2019, representing 29% year-on-year growth. This was primarily due to record revenues being delivered by its Aevitas business unit in Australia. Aevitas also had a record forward order book of $75 million at 30 June 2019 which should underpin continued revenue and earnings growth in the coming financial year.
- Revenue growth for Aevitas was also accompanied by EBITDA margin improvement, which coupled with overhead cost savings achieved in VivoPower's US and UK operations, contributed to VivoPower's underlying EBITDA loss improving 35% to ($2.5m) versus the previous year of ($3.8m). Further EBITDA margin improvement is expected in the coming year as a result of the impact of EBITDA margin expansion initiatives for the Aevitas business unit as well as further lean management cost savings across VivoPower's US and UK operations.
- VivoPower's Australian solar development arm made significant progress during the year, which will manifest in a material uplift in profitability in the coming financial year. It signed a definitive investment agreement with a leading Australian renewable energy consulting and engineering company, ITP Renewables, to partner in the development of a minimum of 50MW of utility-scale solar projects. The first project was initiated in July 2018 for the development of a 15MW solar farm that is expected to be construction-ready around September 2019. Discussions are already underway with various buyers and VivoPower expects to achieve a strong return on multiple of invested capital. A second 5MW solar project has recently been approved and is expected to be complete by around May 2020. At the time of writing, VivoPower is also in discussions in relation to the profitable sale of its Sun Connect solar portfolio in Australia.
- VivoPower's US solar development operations continued to be a drag on profitability during the financial year. At an industry level, development activity and profitability were adversely impacted by Trump's solar panel tariffs. However, it was also uncovered by an external advisor engaged by the VivoPower Board in November 2018 to conduct a forensic review, that there had been a fundamental lack of systemised development activity in relation to the US portfolio during the previous two financial years. Some of the issues that have since been rectified include a lack of engagement with and by the JV partner, weak project paperwork controls relating to permits and interconnect agreements, out-of-date financial models and inappropriate PPA origination strategies. Whilst VivoPower received offers for the entire portfolio of as well as selected projects, it was decided that portfolio value can be further enhanced on a project-by-project basis through focussed and value accretive development activity that could and should have been executed upon in the past year.
- VivoPower's primary objectives for the year ahead are to return to profitability as well as to enhance and maximise value from monetisation of its US and Australian solar development portfolio in an orderly, project-by-project manner. The record Aevitas forward order book, together with ongoing lean management initiatives to reduce the corporate overhead base, will assist VivoPower in returning to profitability, even without any solar development profits being realised.

EdventureCo Group

- EdventureCo Group ("EdventureCo") is a wholly-owned subsidiary of the Company and comprises the DDLS and Everthought Education business units.

- EdventureCo delivered 67% growth in revenue to $42.7m primarily as a result of a full year's contribution from the acquisition of DDLS (consummated in December 2017) but also due to underlying organic revenue growth.
- Underlying EBITDA improved to $5.5m from $1.0m in the prior year, as a result of the full year's contribution from DDLS, following its successful onboarding and integration which delivered cost savings significantly ahead of target as well as gross margin improvement, due to a focus on increasing the quality of revenue.
- In March 2019, EdventureCo entered into a 60/40 joint venture with a leading $8 billion, family-controlled conglomerate in the Philippines, Aboitiz Equity Ventures. In August 2019, the first revenue generating DDLS courses were launched in Manila.
- EdventureCo expects to deliver further revenue and profit growth in the coming financial year, as the impact of revenue and profit margin enhancing initiatives start to flow through.

Thermoscan

- Thermoscan's statutory and underlying results reflect its contribution for the period of ownership in the current year, from 1 July 2018 through to 30 April 2019. Effective 1 May 2019, the entity was sold for gross proceeds of $6m, representing a $3.4m profit on book carrying value and a multiple of invested capital of 3.8x based on the sale price and cumulative post-tax profit contributions since the Company's Initial Public Offering in April 2013.

Arowana Funds Management

- Arowana Funds Management is a wholly-owned subsidiary of the Company and manages the investment portfolios of the Arowana Contrarian Value Fund ("ACVF"), the Arowana Australasian Special Situations Fund ("AASSF I") and a new private credit investment product, the Australian Special Income Opportunities Fund ("ASIOF").
- The ASIOF product is a private credit fund that was officially launched in May 2018 with the completion of a founders' class capital raising round which includes capital commitments from the co-founders of the fund, being Dustin Cappelletto and Kevin Chin. The fund's first investment was completed during February 2019 and the fund raising process remains ongoing.
- Total funds under management (FUM) as at 30 June 2019 was $149m, a decline of 9% versus $164m as at 30 June 2018. This was due to lower FUM in relation to ACVF.
- Revenue declined to $1.3m whilst the underlying EBITDA loss was $1.1m for the year ended 30 June 2019, as compared to the previous year's profit of $0.8m (noting that the prior year included performance fees generated from the management of ACVF's investment portfolio).
- The key strategic objective in relation to Arowana Funds Management is to build a recurring revenue stream with a team and cost architecture that is not reliant on performance fees in order to deliver sustainable profitability.

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

Dividends paid or recommended

The following dividends were paid during the year:

Dividend	$
Final ordinary dividend – 15 October 2018 of 0.3 cents per share (fully franked)	474,512
Total	**474,512**

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

Significant changes in state of affairs

Thermoscan

As noted above, during the year the Group disposed of its investment in Thermoscan for gross proceeds of $6.0 million and a $3.4m profit on book carrying value. Thermoscan's results for the period from 1 July 2018 through to 30 April 2019 were therefore treated as a 'discontinued operation' in the Consolidated Statement of Profit or Loss for the year ended 30 June 2019.

As a consequence of this transaction, the Group has exited the diagnostic testing sector.

Events occurring after the reporting period

No 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, which comprises Arowana International Limited, Arowana Partners Group and Arowana Capital (where he was a co-founder).

He has over 17 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 turnaround and accelerated scaling-up growth situations.

Kevin has also had over 17 years of 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 Arowana International 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, Ord Minnett, 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
- Arowana Inc. (in voluntary liquidation following successful business combination with VivoPower International PLC in December 2016)

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**
Anthony Kinnear	-	1	-	-	2	2
Kevin Chin	12	12	N/A	N/A	N/A	N/A
Robert McKelvey	12	12	2	2	3	3
Ed Fernandez	12	12	2	2	3	3

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 $71,923 (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. As part of its initial public offering, the Company's 60.3% subsidiary, VivoPower International PLC (VivoPower) has 828,000 vested options outstanding whereby the holder can buy VivoPower shares at USD8.70 at any time before 30 April 2020.

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.

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 33 of the attached 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 2019 is as follows:

Directors	Ordinary shares
Kevin Chin	15,165,963
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 27.

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 has commenced a process to appoint a replacement Non-Executive Director and member of the Nomination & Remuneration Committee for Mr Tony Kinnear (resigned on 17 August 2018) 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 annual dividends and also 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. The core objective of the "lean enterprise" philosophy and approach is to eliminate unnecessary waste and inefficiency in an organisation whilst preserving value to the stakeholders. The implications of this approach for the organisational structure and compensation model of the Company are outlined as follows:

Organisational structure: a flexible and agile model that promotes multi-tasking and self-sufficiency by management and employees. This model eschews more conventional thinking than the formulaic application of "template" organisational structures that "over demarcate" roles and responsibilities and promote an "empire building" mindset. In practice, head office employees undertake several functional roles (which would ordinarily be staffed by more than one employee at other companies with more conventional structures);

Compensation structure: Compensation is heavily skewed towards performance based outcomes. All head office employees will be paid below market salary rates to ensure fixed cost savings for the Company and in keeping with the "lean enterprise" ethos. In addition, there will be a salary cap in place for the head office employees. The salary cap will be reviewed by the Board as required to attract and retain employees;

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 market place. 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 Arowana International Limited’s enterprise value (with relevant adjustments for any debt or equity raised or returned), calculated over a 5 year period. The plan also makes provision for certain Early Trigger Events that may result in an early incentive payment.

Key Terms of Service Agreements

Remuneration and other terms of employment for the executive 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 FY2019. The amortisation expense for shares previously issued under the LTVCP during FY2016 to key management personnel is shown in the table on pages 23-24.

Additional Information

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

	2019	2018
Share price at financial year end (cents per share)	17.0	27.50
Total dividends declared (cents per share)	-	0.30
Basic earnings per share (cents per share)	(4.4)	(7.20)

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.

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

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 (%)
Non-Executive Directors										
Current										
Robert McKelvey	**FY19**	**45,662**	**-**	**-**	**-**	**45,662**	**4,338**	**-**	**50,000**	**-**
	FY18	31,202	-	-	-	31,202	2,965	-	34,167	-
Ed Fernandez	**FY19**	**50,000**	**-**	**-**	**-**	**50,000**	**-**	**-**	**50,000**	**-**
	FY18	10,000	-	-	-	10,000	-	-	10,000	-
Former										
Anthony Kinnear	**FY19**	**7,610**	**-**	**-**	**-**	**7,610**	**723**	**-**	**8,333**	**-**
	FY18	31,202	-	-	-	31,202	2,965	-	34,167	-
John Moore AO	**FY19**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY18	31,202	-	-	-	31,202	2,964	-	34,166	-
Sub-total	**FY19**	**103,272**	**-**	**-**	**-**	**103,272**	**5,061**	**-**	**108,333**	
	FY18	103,606				103,606	8,894	-	112,500	-
Executive Directors										
Kevin Chin, CEO	**FY19**	**30,000**	**-**	**-**	**-**	**30,000**	**-**	**65,112**	**95,112**	**68.5**
	FY18	30,000	648,147 [1, 2]	-	-	678,147	-	65,112	743,259	96.0
Total directors' remuneration	**FY19**	**133,272**	**-**	**-**	**-**	**133,272**	**5,061**	**65,112**	**203,445**	**32.0**
	FY18	133,606	648,147 [1, 2]	-	-	781,753	8,894	65,112	855,759	83.3
Other Key management personnel (KMP)										
Current										
Dustin Cappelletto, Head of Debt Investments [3]	**FY19**	**475,156**	**-**	**31,804**	**-**	**506,960**	**-**	**-**	**506,960**	**-**
	FY18	438,540	494,743 [1]	17,420	-	950,703	-	-	950,703	52.0
Art Russell, Chief Financial Officer [4]	**FY19**	**354,147**	**-**	**-**	**8,854**	**363,001**	**35,415**	**19,425**	**417,841**	**4.6**
	FY18	177,158	-	-	4,429	181,587	17,716	-	199,303	-
Cameron Fellows, Group Finance Director & Company Secretary	**FY19**	**191,502**	**-**	**-**	**-**	**191,502**	**17,093**	**-**	**208,595**	**-**
	FY18 From 14 Aug 17	143,707	35,000	-	-	178,707	13,652	-	192,359	18.2
Benn Lim, Chief Operating Officer	**FY19 From 1 Jul 18**	**165,324**	**-**	**-**	**-**	**165,324**	**14,676**	**-**	**180,000**	**-**

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

			Short term benefits				Long term benefits			
Remuneration Report	Year	Salary, fees & leave ($)	Bonus ($)	Non-monetary benefits ($)	Other benefit ($)	Total ($)	Post-employment Superannuation benefits ($)	Share-based payments ($)	Total ($)	Remuneration linked to performance (%)
Sean Steele, EdventureCo Pty Ltd, CEO and Director	**FY19**	**318,790**	-	-	**4,897**	**323,687**	**29,961**	-	**353,648**	-
	FY18 From 6 Dec 17	182,154	-	-	-	182,154	11,412	-	193,566	-
Kevin Chin, VivoPower International PLC Director [4]	**FY19**	**352,790**	**-**	**-**	**-**	**352,790**	**-**	**-**	**352,790**	
	FY18	327,144	-	-	-	327,144	-	-	327,144	-
Former										
Carl Weatherley-White, VivoPower International PLC, CEO and Director [3]	**FY19 Until 12 Feb 19**	**328,526**	**-**	**28,337**	**-**	**356,863**	**-**	**53,529**	**410,392**	**13.0**
	FY18	493,744	-	10,621	-	504,365	-	-	504,365	-
Conor Byrne, Chief Financial & Operating Officer of Arowana Asset Management	**FY19 Until 22 Apr 19**	**197,517**	**-**	**-**	**-**	**197,517**	**14,602**	**-**	**212,119**	**-**
	FY18	200,913	125,000 [1]	-	-	325,913	19,087	17,758	362,758	39.4
Gary Hui, Investment Director [3]	**FY19 Until 26 Oct 18**	**202,722**	**-**	**-**	**-**	**202,722**	**-**	**-**	**202,722**	**-**
	FY18	546,338	-	-	-	546,338	-	-	546,338	-
Philip Comberg, VivoPower International PLC, CEO and Director [3]	**FY19**	**-**	-	-	**-**	**-**	**-**	-	**-**	-
	FY18 Until 4 Oct 17	230,631	-	9,225	-	239,856	23,063	-	262,919	-
Total other KMP remuneration	**FY19**	**2,586,474**	**-**	**60,141**	**13,751**	**2,660,366**	**111,747**	**72,954**	**2,845,067**	**2.6**
	FY18	2,740,329	654,743 [1]	37,266	4,429	3,436,767	84,930	17,758	3,539,455	19.0
Total remuneration	**FY19**	**2,719,746**	**-**	**60,141**	**13,751**	**2,793,638**	**116,808**	**138,066**	**3,048,512**	**4.6**
	FY18	2,873,935	1,302,890 [1]	37,266	4,429	4,218,520	93,824	82,870	4,395,214	31.5

[1] *In the previous year, the performance appraisals and associated remuneration reviews in respect of FY2018 for certain members of KMP remained outstanding at the date of the Annual Report. As such, although fully accrued in the prior year's Consolidated Statement of Profit or Loss, the allocation of bonuses to individual members of KMP in respect of FY2018 was not known nor included in the Remuneration Report. These bonus allocations have since been finalised and the FY2018 comparatives have been restated accordingly.*

[2] *The prior year bonus was paid to a related party of Mr. Kevin Chin, Arowana Partners Group Pty Ltd ("APG"), in recognition of outsourced services provided by various APG employees and contractors to AWN. This has been disclosed as a component of the Remuneration Report on the basis it was awarded in connection with Mr. Chin's services as a member of KMP (albeit he was supported by various APG employees and contractors in this regard).*

[3] *Representing the AUD equivalent of USD remuneration based on the average AUD / USD foreign exchange rate for the year ended 30 June 2019*

[4] *Representing the AUD equivalent of GBP remuneration based on the average AUD / GBP foreign exchange rate for the year ended 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 2017	Purchases	Other change	Held at 30 June 2018
Kevin Chin	15,165,963	-	-	15,165,963
John Moore AO	1,400,000	-	(1,400,000) [1]	-
Gary Hui	625,000	-	-	625,000
Robert McKelvey	-	-	-	-
Conor Byrne	130,000	-	-	130,000
Anthony Kinnear	678,069	-	-	678,069
Ed Fernandez	-	-	-	-
Dustin Cappelletto	212,546	54,454	-	267,000
Art Russell	-	-	-	-
Cameron Fellows	-	-	-	-
Sean Steele	-	-	-	-
Carl Weatherley-White	-	-	-	-
Philip Comberg	-	-	-	-
Total	**18,211,578**	**54,454**	**(1,400,000)**	**16,866,032**

[1] – *John Moore AO retired from his position as Non-Executive Director, and as a member of KMP, effective 30 June 2018. The movement noted under 'Other Change' represented a notional adjustment – as opposed to an actual disposal – to reflect the fact he no longer held shares of the Company in his capacity as a member of KMP as at 30 June 2018.*

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

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.*

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 AROWANA INTERNATIONAL LIMITED

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2019, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Arowana International Limited and the entities it controlled during the year.

PKF

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

27 AUGUST 2019
BRISBANE

PKF Brisbane Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

Consolidated Statement of Profit or Loss

For the reporting period ended 30 June	Note	2019 $	2018 $
Revenue from continuing operations			
Revenue	3(a)	109,549,289	80,594,354
Interest income		96,490	219,662
Total income		**109,645,779**	**80,814,016**
Other income	3(b)	288,347	157,427
Expenses			
Cost of sales	4(a)	(75,960,141)	(54,406,745)
Employee costs		(21,188,910)	(22,409,700)
Administration costs	4(b)	(10,740,154)	(7,977,123)
Long Term Value Creation Plan expense	12	(71,032)	(88,789)
Occupancy costs		(1,084,277)	(3,468,205)
Director fees		(141,199)	(142,500)
Marketing costs		(957,873)	(939,971)
Insurance costs		(1,097,411)	(1,211,536)
IT and communication costs		(1,559,397)	(1,608,214)
Travel costs		(752,472)	(816,371)
Interest expense		(1,311,601)	(1,484,093)
Depreciation		(4,484,945)	(634,125)
Amortisation	15	(2,715,910)	(2,934,369)
Provision for impairment of goodwill	15	-	(781,054)
Provision for impairment of investments	11	-	(12,980,877)
Share of net loss of associates accounted for using the equity method	11(a)	(7,846)	(389,942)
Total expenses		**(122,073,168)**	**(112,273,614)**
Loss before income tax		**(12,139,042)**	**(31,302,171)**
Income tax benefit / (expense)	7(b)	(761,421)	5,546,989
Loss after income tax from continuing operations		**(12,900,463)**	**(25,755,182)**
Discontinued operations			
Profit after income tax from discontinued operations	5	755,678	796,720
Loss for the period		**(12,144,785)**	**(24,958,462)**
Loss attributable to:			
Owners of Arowana International Limited		(6,890,431)	(11,381,624)
Non-controlling interest		(5,254,354)	(13,576,838)

Consolidated Statement of Profit or Loss (continued)

For the reporting period ended 30 June	Note	2019 $	2018 $
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	28	(4.35)	(7.20)
Diluted earnings per share (cents)	28	(4.35)	(7.20)

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		2019	2018
	Note	$	$
Loss for the year		(12,144,785)	(24,958,462)
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(449,366)	272,223
Other comprehensive income for the year, net of tax		(449,366)	272,223
Total comprehensive income for the period, net of tax		**(12,594,151)**	**(24,686,239)**
Total comprehensive income attributable to			
Parent interest (Arowana International Limited)		(6,746,219)	(11,561,963)
Non-controlling interests		(5,847,932)	(13,124,276)
		(12,594,151)	**(24,686,239)**

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

Arowana International Limited and its Controlled Entities

As at 30 June 2019

Consolidated Statement of Financial Position

As at 30 June		2019	2018
	Note	$	$
Current assets			
Cash and cash equivalents	8	17,573,491	4,977,450
Trade and other receivables	9	12,918,646	17,367,355
Inventory	10	8,199,056	3,310,030
Other current assets	12	4,977,368	1,287,362
Assets classified as held-for-sale	5(b)	20,174,060	20,263,941
Total current assets		**63,842,621**	**47,206,138**
Non-current assets			
Investments accounted for using the equity method	11(a)	316,554	19,464,936
Other financial assets	11(b)	219,372	219,372
Other non-current assets	12	2,054,622	2,136,077
Property, plant and equipment	13	12,068,225	4,643,559
Deferred tax asset	14(a)	9,726,362	11,588,699
Intangible assets	15	46,435,687	48,942,002
Total non-current assets		**70,820,822**	**86,994,645**
Total assets		**134,663,443**	**134,200,783**
Current liabilities			
Trade and other payables	16	45,603,437	32,516,754
Deferred consideration	17	-	2,656,016
Current tax liabilities	18	976,021	280,561
Current provisions	19(a)	4,210,140	4,633,405
Interest bearing liabilities	20	4,191,394	5,633,580
Liabilities directly associated with assets classified as held-for-sale	5(b)	1,589,643	374,643
Total current liabilities		**56,570,635**	**46,094,959**
Non-current liabilities			
Non-current provisions	19(b)	1,366,272	2,260,402
Deferred tax liabilities	14(b)	5,800,082	7,411,637
Interest bearing liabilities	20	4,868,401	316,276
Total non-current liabilities		**12,034,755**	**9,988,315**
Total liabilities		**68,605,390**	**56,083,274**
Net assets		**66,058,053**	**78,117,509**
Equity			
Issued capital	22	59,775,954	59,845,704
Reserves	23	(32,877,964)	(33,093,208)
Retained earnings	24	30,622,374	37,987,317
Equity attributable to Parent interest		**57,520,364**	**64,739,813**
Equity attributable to non-controlling interest		8,537,689	13,377,696
Total equity		**66,058,053**	**78,117,509**

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

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

Consolidated Statement of Changes in Equity

	Issued Capital	General reserve	Share Buyback reserve	Option reserve	Foreign currency translation reserve	Retained earnings	Attributable to Parent interest	Non-controlling interest	Total equity
	$	$	$		$	$	$	$	$
As at 1 July 2017	**59,859,654**	**(29,575,435)**	**(2,600,374)**	**3,095,100**	**(3,920,949)**	**49,843,453**	**76,701,449**	**26,653,509**	**103,354,958**
Loss for the year	-	-	-	-	-	(11,381,624)	(11,381,624)	(13,576,838)	(24,958,462)
Other comprehensive income for the year	-	-	-	-	(180,339)	-	(180,339)	452,562	272,223
Total comprehensive income	**-**	**-**	**-**	**-**	**(180,339)**	**(11,381,624)**	**(11,561,963)**	**(13,124,276)**	**(24,686,239)**
Transactions with owners in their capacity as owners (net of transaction costs and taxes)									
Issue of shares net of transaction costs	-	-	-	-	-	-	-	71,618	71,618
Cancellation of preference shares	(13,950)	-	-	-	-	-	(13,950)	-	(13,950)
LTVCP reserve	-	88,789	-	-	-	-	88,789	-	88,789
Dividend paid	-	-	-	-	-	(474,512)	(474,512)	(223,155)	(697,667)
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 preference 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**

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

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

Consolidated Statement of Cash Flows

For the reporting period ended 30 June		2019	2018
Cash flows from operating activities	**Note**	**$**	**$**
Receipts from customers		126,432,007	76,329,648
Payments to suppliers and employees		(122,431,628)	(86,644,502)
Interest received		87,730	116,623
Interest paid		(948,673)	(1,225,040)
Income tax paid		(157,113)	(160,227)
Net cash inflow / (outflow) from operating activities	25(b)	**2,982,323**	**(11,583,498)**
Cash flows from investing activities			
Net cash inflow for NC31 and NC47 projects		15,937,116	370,363
Net cash inflow from disposal of Juice Capital and Sun Connect solar assets		747,466	-
Net cash outflow for Joint Venture contributions		(198,014)	(6,311,682)
Net cash outflow from acquisition of DDLS Australia	36	(2,656,016)	-
Net cash inflow from disposal of Thermoscan	5(a)	5,796,888	-
Net cash acquired on business acquisition	36	-	1,945,568
Net cash inflow from redemption of Evolution convertible notes		-	3,600,000
Purchase of property, plant & equipment		(1,110,881)	(1,330,079)
Proceeds from sale of property, plant & equipment		-	2,268,127
Net cash paid for other non-current assets		11,397	(1,778,083)
Net cash outflow for intangible assets		(248,835)	(177,750)
Net cash inflow / (outflow) from investing activities		**18,279,121**	**(1,413,536)**
Cash flows from financing activities			
Proceeds from related party loans		371,295	-
Repayment of right-of-use lease liabilities		(3,483,037)	-
Proceeds from borrowings		1,282,984	5,566,359
Repayment of borrowings		(5,973,762)	(5,454,526)
Dividends and distributions paid		(491,997)	(697,667)
Net cash outflow from financing activities		**(8,294,517)**	**(585,834)**
Net increase / (decrease) in cash and cash equivalents		12,966,927	(13,582,868)
Effect of foreign currency translation		(648,723)	441,021
Cash and cash equivalents at the beginning of the year [1]		5,255,287	18,397,134
Cash and cash equivalents at the end of the year [1]	8, 25(a)	**17,573,491**	**5,255,287**

[1] Cash and cash equivalents at 30 June 2018 includes $277,837 of cash held by the Group's discontinued operation, Thermoscan, which is incorporated within 'Assets classified as held-for-sale' in the Statement of Financial Position (refer note 5 for further information).

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

Contents

1. Reporting entity

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 Arowana International Limited as a consolidated entity consisting of Arowana International 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, Arowana International 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 35.

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 Arowana International 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 judgment 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 2019, the Group recorded a loss after tax from continuing operations of $12,144,785 (2018: loss of $24,958,462) and cash inflows from operations of $2,982,323 (2018: cash outflows from operations of $11,583,498). The Board notes that the net current asset position, however, has significantly improved from the position at 30 June 2018, such that there is a current asset surplus of $7,271,986 as at 30 June 2019 (2018: surplus of $1,111,179).

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

- Decline in solar project developer fee revenue in VivoPower in the United States;

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

- Non-recurring restructuring, remuneration and professional fees ($3.5 million) incurred by VivoPower in connection with a cost reduction programme for the business;
- Investment by EdventureCo in geographic expansion into the ASEAN region, including the establishment of its joint venture with Aboitiz Equity Ventures Inc. in the Philippines;
- Continued investment into the growth of the Funds Management division in support of the launch of a new product, the Australian Special Income Opportunities Fund ("ASIOF"); and
- Non-cash amortisation of identifiable intangibles ($2.7m) 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:

- EdventureCo, the Group's education platform, is continuing to build momentum following the execution of a buy-and-build strategy to scale up the business. The integration and on-boarding of DDLS Australia, an acquisition completed during December 2017, was successfully completed ahead of schedule and budget, with over $2 million of annualised cost savings realised in addition to gross margin improvement. The strong contribution of DDLS has underpinned a material improvement in EdventureCo's statutory EBITDA from $0.4 million in the prior year to $4.8 million in the current year. We expect to generate further growth in the platform through ongoing expansion into the ASEAN region (the first revenue-generating DDLS course was launched in Manila during August 2019), and through the impact of revenue and profit margin enhancing initiatives;
- VivoPower's Aevitas business unit in Australia has secured a record forward order book of $75 million at 30 June 2019 which should underpin continued revenue and earnings growth in the coming financial year;
- VivoPower is targeting a return to profitability in the year ahead as well as enhancing and then maximising value from the monetisation of its US and Australian solar development portfolios. The record Aevitas forward order book, together with ongoing lean management initiatives to reduce the corporate overhead base, will assist VivoPower in returning to profitability, even without any solar development profits being realised;
- Increased scale in our asset management business as we continue to focus on building funds under management through a combination of the ongoing fundraising process for ASIOF together with organic growth from investment performance achieved by the Arowana Contrarian Value Fund; and
- A reduced overhead base across the Group's operating business following a range of cost-saving initiatives executed during FY2019.

With regard to liquidity, the Group manages its short-term cashflow requirements by maintaining adequate working capital finance facilities, including trade debtor finance facilities recently secured by VivoPower and EdventureCo, and through the normal cyclical

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

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.

The Board has approved FY2020 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. The Group is also, with the exception of lease liabilities in connection with right-of-use fixed assets, largely unlevered at the date of this report.

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

The financial statements were authorised for issue by the Board of Directors on 27 August 2019.

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
- 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.

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

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 31 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).

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.

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

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:

- 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 transaction 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,

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

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.

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.

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

Tax consolidation legislation

Arowana International 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 Arowana International 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:

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

Details of intangible assets held in the Group at 30 June 2019 and the assessments made for impairment are included in Note 15.

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

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.

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 2019 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

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

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 pre-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.

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

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

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.

(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.

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

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 estimate 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.

(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.

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

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.

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.

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

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;
- 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.

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

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.

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) New and revised Standards adopted by the Group

1) AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 111 *Construction Contracts,* AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);

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

- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting 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.

The Group completed its assessment of the implications of adopting the new standard and concluded that, due to the nature of the Group's services, there has been no significant changes to the Group's revenue accounting.

(i) Sale of goods

The Group's contracts with customers for the sale of equipment generally include one performance obligation. The Group has concluded that revenue from sale of equipment should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition. The amount of revenue to be recognised was also unaffected.

(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, consistent with its practice prior to the adoption of AASB 15.

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

(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

Prior to the adoption of AASB 15, development revenue, which is revenue generated from development services relating to the building and construction of solar projects, was recognised on a percentage completion basis as the value is accrued by the end user over the life of the contract. The periodic recognition was calculated through weekly project progress reports. Under AASB 15, revenue continues to be recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

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

Prior to the adoption of AASB 15, the Group accounted for the equipment and installation service as one deliverable and recognised revenue based on the percentage completion basis as the value is accrued by the end user over the life of the contract. Under AASB 15, the Group assessed that there remains 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.

In addition, the Group also reclassified the remaining Deferred revenue for installation services yet to be rendered to Contract liabilities.

Prior to adoption of AASB 15, the Group determined the total costs incurred as a percentage of total estimated costs to recognise revenue. Under AASB 15, the Group concluded that revenue from sale of equipment and installation services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Moreover, under AASB 15, any earned consideration that is conditional should be recognised as a contract asset rather than receivable.

Therefore, upon adoption of AASB 15, the Group made reclassifications from Trade and other receivables to Contract assets.

Renewable Energy Segment – Servicing and Repairs

Prior to adoption of AASB 15 all servicing and repair revenue, generated on a time and materials basis, was recognised at the contractual rates as labour hours are delivered and

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

direct expenses are incurred. Under AASB 15, revenue continues to be recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue for small jobs and those completed in a limited timeframe continue to be recognised when the job is complete and performance obligation satisfied.

Education Segment

Prior to the adoption of AASB 15, revenue was recognised when the Group satisfied its performance obligations by transferring education services (including both tuition and other related goods and services) to the customer, and the revenue can be reliably measured at the fair value of the consideration received. Under AASB 15 revenue continues to be recognised in a similar manner.

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 has concluded that these should be recognised 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. This treatment is the same as under AASB 118.

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. This treatment is the same as under AASB 118. 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.

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

Prior to adoption of AASB 15, the Group determined the total service period expired as a percentage of total service period contracted to perform the services to recognise revenue associated with the base management fee component of asset management fee revenue.

Under AASB 15, the Group concluded that revenue from base management services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

Prior to the adoption of AASB 15, the Group recognised revenue from the performance fee component of asset management revenue when revenue could be reliably measured. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved. Under AASB 15, performance fees are deemed to be a variable component of the same asset management services that is constrained and are 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.

General

The Group does not incur material costs to obtain or fulfil a contract with customers such as sales commissions. Accordingly, no capitalisation of these costs occurs.

Comparative information / changes to presentation of Financial Statements

Where necessary, comparative information has been restated to conform to changes in presentation in the current reporting period.

Consolidated Statement of Comprehensive Income

As required for the consolidated interim financial statements, the Group disaggregated 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 disclosed 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

Classification of deferred revenue and accrued income has been changed.

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.

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

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.

Previous accounting policy under AASB 111 *Construction Contracts* and AASB 118 *Revenue*

Revenue was measured at the fair value of the consideration received or receivable. Revenue was reduced for estimated customer returns, rebates and other similar allowances. Revenue was recognised for the major business activities as follows:

(i) Provision of services

Revenue from a contract to provide services was recognised by reference to the stage of completion of the contract. The stage of completion of the contract was determined as follows:

- servicing fees included in the price of products sold were recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts was recognised at the contractual rates as labour hours were delivered and direct expenses were incurred.

(ii) Interest income

Interest income was recognised on a time proportion basis using the effective interest method. When a receivable was impaired, the Group reduced the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continued unwinding the discount as interest income. Interest income on impaired loans was recognised using the original effective interest rate.

2) AASB 9 *Financial Instruments*

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies adopted by the Group, which have been detailed in the following narrative. The change in the Group's accounting policies, applied from 1 July 2018, did not impact prior period financial statement balances. Opening balances have not been restated. There has been no impact on the Group's results for the year ended 30 June 2019.

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

***(i)* Classification**

From 1 July 2018, 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 measured at amortised cost.

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

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 derecognition**

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 derecognised 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**

From 1 July 2018, 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.

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.

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

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.

***(vi)* Accounting policies applied until 30 June 2018**

The Group has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at

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

amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

3) AASB 16 *Leases*

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

The Group has elected to early-adopt AASB 16 *Leases* from 1 July 2018.

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. The lease contract would also require the Group to acquire this right in exchange for consideration. The Group only recognises an asset in relation to its leases subject to the following:

- The identified asset should be explicitly (or implicitly) specified within the contract, and should be physically distinct (or the underlying capacity of the asset).
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period.
- The Group has the right to direct the use of the asset.

Provided the Group determines it is a lessee in a contract or arrangement contains a lease in accordance with AASB 16, the Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The 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.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index rate or a rate, initially measured using the index or rate as at the lease commencement date;
- Amounts expected to be paid under a residual value guarantee;
- The exercise price of purchase options contained in lease contracts, which the Group are reasonably certain to exercise.

The lease liability is subsequently measured at amortised cost using the effective interest method. Re-measurements occur where there is a change in future lease payments, arising from a change in index or rate, or if there is a change in its assessment of whether it will exercise a purchase, extension or termination option. These re-measurements are adjusted prospectively from the date of change, with a corresponding adjustment to the right-of-use

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

asset or recorded in profit if the carrying amount of the right-of-use asset has been reduced to zero.

The 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 remeasurements of the lease liability.

The Group has elected not to 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.

Previous accounting policy under AASB 117 *Leases*

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under a finance lease was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there was no reasonable certainty that the Group would obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Impact arising upon adoption of AASB 16

The Group has elected to adopt the 'simplified' modified retrospective approach permitted under AASB 16. Applying this method, the right-of-use asset has been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised in the statement of financial position at 30 June 2018. The comparative financial information for the year ended 30 June 2018 has not been restated.

The following adjustment was recognised by the Group upon transition to AASB 16 as at 1 July 2018:

	$
Right-of-use asset	8,994,609
Lease liability	8,994,609

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

No other transition adjustments were required.

(x) 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.

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 $9,726,362 (2018: $11,588,699) and a deferred tax liability of $5,800,082 (2018: $7,411,637). The Group is subject to income taxes in

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

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.

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.

3. (a) Revenue

For the reporting period ended 30 June	2019	2018
	$	$
Renewable energy services	61,186,733	47,609,830
Education services	42,714,229	26,001,832
Inspection services [1]	-	-
Funds management revenue	1,719,656	6,446,623
Gain on disposal of Thermoscan [1]	3,367,183	-
Other revenue	561,488	536,069
Total revenue	**109,549,289**	**80,594,354**

[1] 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.

3. (b) Other Income

For the reporting period ended 30 June	2019	2018
	$	$
Other income		
Foreign exchange gains	288,347	157,427
Total other income	**288,347**	**157,427**

4. Expenses

(a) Cost of sales	2019	2018
	$	$
Commission	335,312	266,935
Communication	-	101,446
Contractors	2,045,154	4,358,334
Depreciation	127,739	520,603
Employee expenses	22,429,396	18,908,970
Equipment	518,760	252,650
Materials	48,118,281	27,267,095
Motor vehicle	723,547	772,244
Occupancy	324,088	356,432
Travelling	163,148	42,827
Others	1,174,716	1,559,209
	75,960,141	**54,406,745**
(b) Administration costs		
Due diligence fees	1,035,155	1,071,443
Legal and professional	6,329,537	4,942,549
Compliance and governance	666,919	593,191
Research expenses	501,298	514,219
Loss on disposal of fixed assets	998,850	-
Others	1,208,395	855,721
	10,740,154	**7,977,123**

5. Assets Held for Sale and Discontinued Operations

(a) Discontinued operations

Thermoscan Inspection Services Pty Limited ("Thermoscan")

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

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 financial statements in the current year.

5. Assets Held for Sale and Discontinued Operations (continued)

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

Discontinued operation - Thermoscan	2019	2018
	$	$
Revenue	2,558,812	2,753,468
Expenses	1,769,655	1,956,748
Profit before income tax	**789,157**	**796,720**
Income tax expense	139,748	-
Profit after tax attributable to the discontinued operation	**649,409**	**796,720**

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	2019	2018
	$	$
Net cash inflow from operating activities	767,713	374,836
Net cash outflow from investing activities	(47,023)	(95,487)
Net cash inflow / (outflow) from financing activities	222,610	(240,744)
Net increase in cash generated by the discontinued operation	**943,300**	**38,605**

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 year ended 30 June 2019.

5. Assets Held for Sale and Discontinued Operations (continued)

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

Assets and liabilities	30 June 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

Thermoscan – Disposal Group

Thermoscan's assets and liabilities were treated as a disposal group in the previous year and classified as held-for-sale (net assets totalling $2.7 million as at 30 June 2018). The Company was sold effective 1 May 2019 and the disposal group is therefore no longer included within assets held-for-sale as at 30 June 2019.

NC-31 and NC-47 Solar Power Projects – Assets held-for-sale

On 28 May 2018, VivoPower entered into an agreement to sell its remaining 14.5% and 10% equity interests in two North Carolina solar project investments to the majority investor. The proceeds of sale, net of transaction costs, were US$11.4 million. Contractual sales proceeds were received in full during July 2018. VivoPower's net investments in these projects as at 30 June 2018, totalling $15.6 million, were therefore classified as held-for-sale assets in the Group's Statement of Financial Position at 30 June 2018.

VivoPower ISS JV – Assets held-for-sale

Pursuant to a strategic review, VivoPower has commenced a sale process for its 50% share in Innovative Solar Ventures 1 LLC, a joint venture with US-based solar developer, Innovative Solar Systems (ISS). Total assets and liabilities of the Group's investment in the ISS JV (net assets totalling $17.7 million as at 30 June 2019), previously disclosed as an equity-accounted investment, have therefore been classified as held-for-sale assets and liabilities in the Group's Statement of Financial Position. The Board expects the sale process to complete within 12

5. Assets Held for Sale and Discontinued Operations (continued)

months of the date of this report.

Sun Connect and Juice Capital solar portfolio assets – Assets held-for-sale

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 Juice Capital solar project was sold in November 2018 and the Group expects it will also dispose of its Sun Connect solar project within 12 months of the date of this report. Total assets of $1.2 million in relation to this project have been classified as held-for-sale assets in the Group's Statement of Financial Position (2018: total assets of $1.6 million in relation to Sun Connect and Juice Capital).

In addition to profits from Thermoscan as disclosed in note 5(a), profit after income tax from discontinued operations in the Consolidated Statement of Profit or Loss also incorporates profits of $106,269 relating to Juice Capital and Sun Connect for the year ended 30 June 2019.

A summary of the assets and liabilities directly related to the Thermoscan disposal group and the VivoPower solar power projects, collectively classified as assets held-for-sale, is set out below.

Assets held-for-sale and directly associated liabilities	30 June 2019	30 June 2018
	$	**$**
Current Assets		
Cash and cash equivalents	-	277,837
Trade and other receivables	-	355,153
Other current assets	1,492	50,615
Non-Current Assets		
Goodwill	-	2,201,040
Intangibles	880,460	1,007,976
Property, plant and equipment	-	753,568
Deferred tax asset	-	51,615
Investments accounted for using the equity method	19,292,108	-
Investments accounted for using the cost method	-	15,566,137
Total Assets	**20,174,060**	**20,263,941**
Current Liabilities		
Trade and other payables	1,589,643	120,915
Current tax liabilities	-	7,890
Current provisions	-	55,911
Non-Current Liabilities		
Interest-bearing liabilities	-	159,478
Non-current provisions	-	30,449
Total Liabilities	**1,589,643**	**374,643**
Net Assets	**18,584,417**	**19,889,298**

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.

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

For the year ended 30 June 2019	Enterprise office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia)	Funds Management (Australia)	Total	Intersegment Eliminations	Consolidated
Segment reporting	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue							
Goods and services transferred at a point in time	-	-	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**

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

For the year ended 30 June 2018	Enterprise office (Australia)	Renewable Energy (Australia/Asia/ USA/UK)	Education (Australia)	Funds Management (Australia)	Total	Intersegment Eliminations	Consolidated
Segment reporting	$	$	$	$	$	$	$
Revenue							
Goods and services transferred at a point in time	-	-	843,556	-	843,556	-	843,556
Services transferred over time	295,613	46,148,578	23,391,727	6,446,623	76,282,541	-	76,282,541
Sales to external customers	295,613	46,148,578	24,235,283	6,446,623	77,126,097	-	77,126,097
Intersegment sales	876,000	-	-	-	876,000	(876,000)	-
Total sales revenue	1,171,613	46,148,578	24,235,283	6,446,623	78,002,097	(876,000)	77,126,097
Interest revenue	2,143,856	41,768	10,161	1,076,540	3,272,325	(3,052,663)	219,662
Other income	357,533	1,461,252	1,766,549	420,000	4,005,334	(537,077)	3,468,257
Total revenue	**3,673,002**	**47,651,598**	**26,011,993**	**7,943,163**	**85,279,756**	**(4,465,740)**	**80,814,016**
Segment result	(1,575,792)	(23,050,258)	124,762	2,309,802	(22,191,486)	(4,058,098)	(26,249,584)
Depreciation and amortisation	130,806	434,887	3,002,801	-	3,568,494	-	3,568,494
Finance costs	347,829	4,479,296	139,066	-	4,966,191	(3,482,098)	1,484,093
(Loss) / profit before income tax – continuing operations	(2,054,427)	(27,964,441)	(3,017,105)	2,309,802	(30,726,171)	(576,000)	(31,302,171)
Income tax expense/(benefit)	2,508,825	(7,705,955)	(349,859)	-	(5,546,989)	-	(5,546,989)
(Loss) / profit after income tax – continuing operations	**(4,563,252)**	**(20,258,486)**	**(2,667,246)**	**2,309,802**	**(25,179,182)**	**(576,000)**	**(25,755,182)**
Segment Assets							
Operating assets	108,118,090	104,370,642	76,577,885	104,752,566	393,819,183		
Elimination within segment	-	-	(31,257,963)	(52,526,662)	(83,784,625)		
Reportable segment assets	**108,118,090**	**104,370,642**	**45,319,922**	**52,225,904**	**310,034,558**	**(175,833,775)**	**134,200,783**
Segment Liabilities							
Operating liabilities	10,814,996	84,897,865	27,865,301	1,118,685	124,696,847		
Elimination within segment	-	-	-	-	-		
Reportable segment liabilities	**10,814,996**	**84,897,865**	**27,865,301**	**1,118,685**	**124,696,847**	**(68,613,573)**	**56,083,274**

7. Income tax expense / (benefit)

For the reporting period ended 30 June	2019	2018
	$	$
(a) Income tax expense/(benefit)		
Current tax	510,460	(1,297,281)
Deferred tax	(231,336)	(4,249,708)
Under/(Over) provision in respect of prior years	482,117	-
	761,421	(5,546,989)
(b) Income tax expense/(benefit) is attributable to:		
Loss from continuing operations	761,421	(5,546,989)
(c) Deferred income tax (benefit) / expense included in income tax expense comprises:		
Decrease in deferred tax assets	1,093,279	59,975
Decrease in deferred tax liabilities	(1,324,615)	(4,309,683)
	(231,336)	(4,249,708)
(d) Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss from continuing operations before income tax	(12,139,042)	(31,302,171)
Profit from discontinued operations before income tax	755,678	796,720
	(11,383,364)	(30,505,451)
Income tax benefit calculated at statutory rate of 30%	(3,415,009)	(9,151,635)

7. Income tax expense / (benefit) (continued)

For the reporting period ended 30 June	2019	2018
Add tax effect of:	$	$
- Non-deductible expenses	440,595	2,478,436
Less:		
- Franking credit	(90,906)	(126,000)
- Under/(over) provision for income tax in prior year	482,117	-
- Tax effect of tax rates in other jurisdictions	1,118,215	2,060,065
- Deferred tax assets not brought to account	2,226,409	2,328,049
- Others	-	(94,501)
- Prior year adjustment	-	(3,041,403)
Income tax (benefit) / expense	761,421	(5,546,989)
Effective tax rate	6.7%	(18.18%)
Franking credit balance at the end of the year	**1,057,951**	**1,355,439**

8. Cash and cash equivalents

As at 30 June	2019	2018
	$	$
Cash at bank and on hand	17,573,491	4,977,450

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, Statement of Financial Position	17,573,491	4,977,450
Classified as held for sale (note 5(a))	-	277,837
Cash and cash equivalents, Consolidated Statement of Cash Flows	**17,573,491**	**5,255,287**

9. Trade and other receivables

As at 30 June	2019	2018
	$	$
Trade debtors [1]	3,138,291	10,648,155
Contract assets	8,632,195	-
Accrued interest	(5,384)	209,102
Sundry debtors	251,287	151,472
Loan Receivable – Arowana Global Services, Singapore	-	371,297
Accrued income – CVF performance fee [2]	-	4,958,675
Other accrued income	902,257	1,028,654
	12,918,646	**17,367,355**

[1] – *As at 30 June 2019, 67% ($2,128,964) of the Group's trade debtors balance has been outstanding for less than 60 days, with the remaining 32% ($1,009,327) outstanding between 60 to 365 days and deemed past due but not impaired.*

[2] – *Represents performance fee receivable in connection with the management of the Arowana Contrarian Value Fund for the year ended 30 June 2018. The performance fee represents 20% of the out-performance of the Fund over an 8% per annum cumulative hurdle when the Fund's benchmark (the S&P / ASX 200 Accumulation Index) is positive. This amount was recognised as income in FY2018 and funds were received in July 2018.*

10. Inventory

As at 30 June	2019	2018
	$	$
Stock on hand and work in progress	8,199,056	3,310,030
	8,199,056	**3,310,030**

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	2019	2018
	$	$
Innovative Solar Ventures I, LLC	-	19,140,536
Viento Group Limited	316,554	324,400
	316,554	**19,464,936**

11. Investments (continued)

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

Associate / Joint venture	Principal activities	Percentage interest 30 June 2019 %	Percentage interest 30 June 2018 %
Viento Group Limited	Investment holding company	31.8	31.8

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 2017	**19,102,677**	**430,615**	**19,533,292**
Share of profit (loss) of associated entities	-	(106,215)	(106,215)
Share of other comprehensive income of associated entities	(283,727)	-	(283,727)
Dividend received from associated entities	-	-	-
Provision for impairment	-	-	-
Impact of foreign exchange translation	321,586	-	321,586
Ending balance at 30 June 2018	**19,140,536**	**324,400**	**19,464,936**
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**

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 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	-	(7,846)
Other comprehensive income	-	-
Total comprehensive income	**-**	**(7,846)**

For the reporting period ended 30 June 2018	Innovative Solar Ventures I, LLC	Viento Group Limited
	$	$
Share of assets and liabilities:		
Current assets	928,833	181,158
Non-current assets	18,211,703	78,449
Total assets	**19,140,536**	**259,607**
Current liabilities	-	18,655
Non-current liabilities	-	-
Total liabilities	-	**18,655**
Net assets	**19,140,536**	**240,952**
Revenue	-	1,258
Expenses	283,727	(107,473)
Net profit	**(283,727)**	**(106,215)**
Other comprehensive income	**-**	-
Total comprehensive income	**(283,727)**	**(106,215)**

11. Investments (continued)

(b) Other financial assets.

The Group had the following other financial assets:

As at 30 June	2019	2018
	$	$
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	2019	2018
	$	$
Prepayments	4,724,806	991,587
Short term deposits	252,562	295,775
	4,977,368	**1,287,362**

The Group had the following other non-current assets:

As at 30 June	2019	2018
	$	$
LTVCP loans [1]	279,000	348,750
Security deposit	1,775,622	1,787,327
	2,054,622	**2,136,077**

[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 5 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 2019 totalled $279,000 (2018: $348,750).

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 $71,032 (2018: $88,789).

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	2019	2018
	$	$
Leasehold improvements		
Cost	3,040,349	2,657,035
Less: Accumulated depreciation	(741,728)	(327,155)
WDV	**2,298,621**	**2,329,880**
Plant & equipment		
Cost	1,787,073	1,623,269
Less: Accumulated depreciation	(1,338,347)	(1,165,885)
WDV	**448,726**	**457,384**
Leased assets		
Cost	1,842,559	2,404,575
Less: Accumulated depreciation	(1,842,559)	(1,842,559)
WDV	-	**562,016**
Computer equipment		
Cost	1,752,979	1,527,011
Less: Accumulated depreciation	(1,292,120)	(941,225)
WDV	**460,859**	**585,786**
Furniture & fixtures		
Cost	447,219	432,487
Less: Accumulated depreciation	(245,955)	(146,397)
WDV	**201,264**	**286,090**
Motor vehicle		
Cost	756,461	622,010
Less: Accumulated depreciation	(302,589)	(199,607)
WDV	**453,872**	**422,403**
Right-of-use assets		
Cost	11,549,359	-
Less: Accumulated depreciation	(3,344,476)	-
WDV	**8,204,883**	**-**
Total		
Cost	21,175,999	9,266,387
Less: Accumulated depreciation	(9,107,774)	(4,622,828)
WDV	**12,068,225**	**4,643,559**

	Leasehold improvement	Plant & equipment	Leased assets	Computer equipment	Furniture & fixtures	Motor vehicle	Right of use assets	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2018								
As at 1 July 2017	369,118	1,703,005	880,840	344,255	88,409	55,017	-	3,440,644
Additions – via acquisitions (WDV)	2,157,569	-	-	398,134	212,931	-	-	2,768,634
Additions	16,364	77,002	412,822	216,293	53,741	537,616	-	1,313,838
Reclassified as available for sale	-	(597,737)	(144,136)	(6,980)	(4,715)	-	-	(753,568)
Depreciation charge	(213,171)	(211,138)	(222,381)	(361,457)	(61,089)	(172,223)	-	(1,241,459)
Disposals	-	(513,748)	(365,129)	(4,388)	(3,187)	-	-	(886,452)
Foreign exchange movement	-	-	-	(71)	-	1,993	-	1,922
As at 30 June 2018	**2,329,880**	**457,384**	**562,016**	**585,786**	**286,090**	**422,403**	**-**	**4,643,559**
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 – via acquisitions (WDV)	-	-	-	-	-	-	-	-
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**

14. Deferred tax assets and liabilities

(a) Deferred tax assets

As at 30 June	2019	2018
	$	$
Deferred tax asset	9,726,362	11,588,699
Deferred tax assets comprises the following:		
Tax losses	5,597,714	7,745,428
Other temporary differences on expenses	4,128,648	3,843,271
	9,726,362	**11,588,699**
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	11,588,699	10,747,765
Balance recognised on business combination	-	900,909
Charged to profit & loss	(1,093,279)	(59,975)
Under/(Over) provision in respect of prior year	(769,058)	-
Balance at end of the year	**9,726,362**	**11,588,699**

(b) Deferred tax liabilities

As at 30 June	2019	2018
	$	$
Deferred tax liability	5,800,082	7,411,637
Deferred tax liabilities comprises of the following:		
Accrued income	-	1,502,028
Intangible assets acquired via business combination	4,663,020	5,006,852
Other temporary differences	1,137,062	902,757
	5,800,082	**7,411,637**
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	7,411,637	10,968,020
Balance recognised on business combination	-	753,300
Credited to profit & loss	(1,324,615)	(4,309,683)
Under/(Over) provision in respect of prior year	(286,940)	-
Balance at end of the year	**5,800,082**	**7,411,637**

15. Intangible assets

(a) Reconciliation of movement in intangible assets

	Goodwill	Trade name	Supply Contract	Customer relationship	Solar Contract	Course Development	Student Contracts	RTO Licence	Incorporation costs	Patent and Trademark	Total
As at 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**

	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 2018	$	$	$	$	$	$	$	$	$	$	$
Cost	33,096,390	4,597,000	8,075,000	5,702,000	153,812	1,066,863	2,246,383	85,697	6,219	26,254	55,055,618
Accumulated amortisation/impairment	(550,000)	(413,806)	(1,684,700)	(856,167)	-	(543,476)	(2,042,483)	(22,984)	-	-	(6,113,616)
Carrying value	**32,546,390**	**4,183,194**	**6,390,300**	**4,845,833**	**153,812**	**523,387**	**203,900**	**62,713**	**6,219**	**26,254**	**48,942,002**
Movement for the year ended 30 June 2018											
Opening balance – carrying value	30,152,779	3,476,604	3,007,022	12,409,935	1,250,702	454,855	1,253,036	79,852	6,219	21,243	52,112,247
Reclassified as assets held for sale	(2,201,040)	-	-	-	(1,007,976)	-	-	-	-	-	(3,209,016)
Additions from business combinations (Note 36)	1,945,833	807,000	2,118,000	2,000	-	391,000	-	-	-	-	5,263,833
Other additions	-	-	-	-	326,851	44,209	-	-	-	5,011	376,071
Adjustments arising from purchase price allocation	3,429,872	148,864	2,615,864	(7,664,545)	-	-	-	-	-	-	(1,469,945)
Disposals	-	-	-	-	(415,765)	-	-	-	-	-	(415,765)
Impairment provision during the period	(781,054)	-	-	-	-	-	-	-	-	-	(781,054)
Amortisation provision during the period	-	(249,274)	(1,350,586)	98,443	-	(366,677)	(1,049,136)	(17,139)	-	-	(2,934,369)
Net book amount 30 June 2018	**32,546,390**	**4,183,194**	**6,390,300**	**4,845,833**	**153,812**	**523,387**	**203,900**	**62,713**	**6,219**	**26,254**	**48,942,002**

15. Intangible assets (continued)

(b) Allocation of goodwill

Goodwill as at 30 June 2019 can be allocated to the various cash generating units ("CGUs") as follows:

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

Goodwill as at 30 June 2018 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 cashflow projections over the five-year period from FY2020 to FY2024;
- Future cashflow projections are based on FY2020'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 cashflows 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 cashflow projections; and
- The value-in-use estimates above are adjusted to include an assessment of terminal value, representing the discounted cashflows 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	2019	2018
	%	%
Short-term revenue CAGR * (1-5 years)	10.1% - 88.3%	6.7% - 24.6%
Long-term revenue CAGR * (terminal value)	0.0% - 3.0%	0.0% - 3.0%
Post-tax discount rates applied	8.8% - 21.0%	9.2% - 21.0%

* *Compound Annual Growth Rate ("CAGR")*

Cashflow 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.

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 2019, 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:

	Change required individually for carrying amount to equal recoverable amount	
As at 30 June 2019	Short-term revenue CAGR	Post-tax discount rate
	%	%
Education division – EdventureCo Trades	10.0	7.4

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	2019	2018
	$	$
Current		
Trade creditors	10,435,029	11,061,670
Accrued expenses	8,805,827	7,937,255
Deferred income	1,232,262	7,752,879
Contract liabilities	20,906,518	-
Payroll liabilities	2,194,350	1,642,473
Capital commitment - Innovative Solar Ventures I, LLC	-	1,709,728
GST payable	1,732,208	145,967
Other payables	297,243	2,266,782
	45,603,437	**32,516,754**

17. Deferred consideration

As at 30 June 2018, unconditional deferred consideration of $2,656,016 was payable to vendors of DDLS Australia Pty Ltd – refer note 36 for further detail. This amount was fully paid during the year ended 30 June 2019.

18. Current tax liabilities

As at 30 June	2019	2018
	$	$
Income tax payable	976,021	280,561
	976,021	**280,561**

19. Provisions

For the reporting period ended 30 June	2019	2018
	$	$
(a) Employee entitlements - current	4,210,140	4,633,405
(b) Employee entitlements – non-current	1,366,272	2,260,402
	5,576,412	**6,893,807**

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

20. 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	2019	2018
	$	$
Current		
Lease liabilities – right-of-use assets (a)	2,908,410	252,035
Trade debtor financing (b)	1,282,984	-
Term loans (c)	-	5,381,545
	4,191,394	**5,633,580**
Non-Current		
Lease liabilities – right-of-use assets (a)	4,868,401	316,276
	4,868,401	**316,276**
Total interest-bearing liabilities	**9,059,795**	**5,949,856**

(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) *At 30 June 2018, term loans consisted of short-term finance, US$3,977,500 at 12% per annum, which was repaid during the year ended 30 June 2019.*

As indicated in note 2, the Group has changed its accounting policy for leases.

On adoption of AASB 16 *Leases*, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' and 'finance leases'. These liabilities are now measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2018 was 5.65%.

The following table is a reconciliation of total lease liabilities at 30 June 2018 to those recognised on transition at 1 July 2018:

For the reporting period ended 30 June	
Operating lease commitments disclosed as at 30 June 2018	**10,981,195**
Discounted using the group's weighted average incremental borrowing rate of 5.65%	(2,554,897)
Add: finance lease liabilities recognised as at 30 June 2018	568,311
Lease liability recognised as at 1 July 2018	**8,994,609**

21. 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		**2019**	**2018**
	Note	**$**	**$**
Cash and cash equivalents	8	17,573,491	4,977,450
Trade and other receivables	9	12,918,646	17,367,355
Other financial assets	11	219,372	219,372
Cash from assets held for sale	5	-	277,837
Total		**30,711,509**	**22,842,014**

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.

21. 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 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 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)**
As at 30 June 2018					
Trade creditors	(9,001,885)	(404,842)	(2,194,941)	-	(11,601,668)
Lease liability	(41,903)	(206,742)	(319,666)	-	(568,311)
Term loan	-	(5,381,545)	-	-	(5,381,545)
Accrued expenses	-	(7,937,255)	-	-	(7,937,255)
Payroll liabilities	-	(1,642,473)	-	-	(1,642,473)
Capital commitment	-	(1,709,728)	-	-	(1,709,728)
Other payables	-	(2,266,782)	-	-	(2,266,782)
	(9,043,788)	**(19,549,367)**	**(2,514,607)**	**-**	**(31,107,762)**

21. 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 2019:

	PHP	GBP	USD
Assets	(1,373,685)	206,058	61,128,319
Liabilities	3,036,355	135,541	29,326,391
Net Assets	(4,410,040)	70,517	31,801,928
NPAT	(2,196,458)	57,833	4,822,418

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	37.7450	35.9961
GBP / AUD	0.5527	0.5535
USD / AUD	0.7156	0.7013

Sensitivity analysis

Any change in the AUD against USD, GBP, SGD at 30 June 2019 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 2019	Strengthening	Weakening	Strengthening	Weakening
AUD (5% movement)	(1,926,258)	2,644,872	(323,116)	357,128
AUD (10% movement)	(3,900,155)	5,311,365	(616,857)	753,937

21. 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	**2019**	**2018**
Fixed rate instruments		
Financial assets	219,372	370,000
Financial liabilities	(9,059,795)	(5,949,856)
Variable rate instruments		
Financial assets	17,573,491	4,977,450
Financial liabilities	-	-
Net financial assets/(liabilities)	**8,733,608**	**(602,406)**

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	**2019**	**2018**
Interest rate		
Increase by 100 basis points	175,735	49,775
Decrease by 100 basis points	(175,735)	(49,775)

(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.

22. Contributed equity

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**

For the reporting period ended 30 June	2018	2018
Ordinary shares	**No. of shares**	**$**
Balance at beginning of the year	158,170,799	59,859,654
LTVCP shares cancelled during the year (refer note 12)	-	(13,950)
Total contributed equity	**158,170,799**	**59,845,704**

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.

23. Reserves

As at 30 June		2019	2018
	Note	**$**	**$**
Equity reserve [(a)]		(11,754,685)	(11,754,685)
General reserve [(b)]		(17,989,542)	(17,989,542)
LTVCP reserve [(c)]	12	328,613	257,581
General Reserves		**(29,415,614)**	**(29,486,646)**
Option reserve [(d)]		3,095,100	3,095,100
Share buyback reserve [(e)]		(2,600,374)	(2,600,374)
Foreign exchange reserve [(f)]		(3,957,076)	(4,101,288)
		(32,877,964)	**(33,093,208)**

(a) *Equity reserve represents fair value adjustments of shares issued upon acquisition of AIHL on 4 April 2013*

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

(c) *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 the 29 July and 27 October 2014*

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

24. Retained earnings

For the reporting period ended 30 June	2019	2018
	$	$
Opening retained earnings	37,987,317	49,843,453
Net loss for the year	(6,890,431)	(11,381,624)
Dividend paid	(474,512)	(474,512)
Closing retained earnings	**30,622,374**	**37,987,317**

25. 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	2019	2018
	$	$
Cash and cash equivalents – Consolidated Statement of Financial Position	17,573,491	4,977,450
Classified as held for sale (note 5(a))	-	277,837
Cash and cash equivalents – Consolidated Statement of Cash Flows	**17,573,491**	**5,255,287**

25. 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:	2019	2018
	$	$
Operating loss from ordinary activities after income tax	(12,144,785)	(24,958,462)
Cash flows excluded from profit attributable to operating activities		
Add/(subtract) non-cash items:		
Impairment / Amortisation	2,715,910	16,696,300
Depreciation	4,670,610	1,241,459
Long Term Value Creation Plan expense	71,032	-
Profit on disposal of Thermoscan	(3,367,183)	-
Profit on disposal of investments	-	(1,875,883)
Loss on disposal of fixed assets	998,851	9,981
Bad debts	245,311	628
Share of net losses of associates accounted for using the equity method	7,846	389,942
VivoPower Treasury Shares issued to employees	205,685	-
Foreign currency losses / (gains)	13,065	(206,349)
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:		
Assets		
Decrease / (increase) in trade and other receivables	3,955,200	(7,932,737)
Increase in other current assets	(8,515,402)	(2,690,977)
Decrease in deferred tax assets	1,984,281	53,871
Liabilities		
Increase in trade and other payables	13,389,948	9,027,916
Decrease in deferred tax liabilities	(2,015,524)	(2,819,655)
Increase / (decrease) in income tax payable	776,917	(2,841,869)
(Decrease) / increase in provisions	(920,060)	1,325,993
Increase in other payables	910,621	2,996,344
Net cash from / (used) in operating activities	**2,982,323**	**(11,583,498)**

25. 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 2019	**1 July 2018**	**Cash flows**	**Foreign exchange movements**	**Recognised on transition - AASB 16**	**30 June 2019**
Current					
Lease liabilities – right of use assets	-	(3,483,087)	-	6,391,497	2,908,410
Trade debtor financing	-	1,282,984	-	-	1,282,984
Term loans	5,381,545	(5,587,553)	206,008	-	-
Non-current					
Lease liabilities – right of use assets	-	-	-	4,868,401	4,868,401
	5,381,545	**(7,787,656)**	**206,008**	**11,259,898**	**9,059,795**

26. Commitments

Given the adoption of AASB 16 *Leases* the ageing of leases is now disclosed in Note 21(c). There were no low-value or short-term leases at balance date.

27. Capital commitments

There were no capital commitments as at balance date.

28. Earnings per share

For the reporting period ended 30 June	2019	2018
	Cents	Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(4.83)	(7.70)
From discontinued operations	0.48	0.50
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(4.35)**	**(7.20)**
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(4.83)	(7.70)
From discontinued operations	0.48	0.50
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(4.35)**	**(7.20)**
(c) Reconciliation of earnings used in calculating earnings per share	**$**	**$**
Loss attributable to the ordinary equity holders of the company from continuing operations	(7,646,109)	(12,178,344)
Profit from discontinued operations	755,678	796,720
	(6,890,431)	**(11,381,624)**

For the reporting period ended 30 June	2019	2018
	Numbers	Numbers
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	158,170,799	158,170,799
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share	158,170,799	158,170,799

29. Contingent assets and liabilities

There were no contingent assets at 30 June 2019.

Contingent liabilities not provided for in the financial statements of the Group as at 30 June 2019 comprised of the following:

(a) Litigation – VivoPower International PLC

On 26 February 2018, the former Chief Executive Officer of VivoPower International PLC (60% subsidiary of Arowana International Limited), Phillip Comberg, filed a legal claim alleging VivoPower committed a repudiatory breach of his service agreement in connection with the termination of his employment on 4 October 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 9 April 2018, VivoPower filed a defence and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause.

On 26 November 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.

As the outcome of the litigation remains uncertain, very much dependent upon uncertain future determinations by third parties, and the amount of any liability cannot be reliably measured, no provision has been made in these financial statements in respect of this matter.

(b) Bank guarantees

One of the Company's operating subsidiaries has issued bank guarantees totalling $895,984 to customers to secure performance obligations under power services contracts. These obligations are secured by first charge over the assets of JA Martin Pty Limited.

30. Related party transactions

Key Management Personnel Compensation

For the reporting period ended 30 June	2019	2018 *
	$	$
Short-term employee benefits	2,793,638	4,218,520
Post-employment benefits	116,808	93,824
Other long-term benefits	138,066	82,870
	3,048,512	**4,395,214**

** In the previous year, the performance appraisals and associated remuneration reviews in respect of FY2018 for certain members of KMP remained outstanding at the date of the Annual Report. As such, although fully accrued in the prior year's Consolidated Statement of Profit or Loss, the allocation of bonuses to individual members of KMP in respect of FY2018 was not known nor included in the 'Related Party Transactions' note. These bonus allocations have since been finalised and the FY2018 comparatives have been restated accordingly.*

30. Related party transactions (continued)

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.

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	2019	2018
		$	$
Director			
John Moore AO	Director fees	-	34,167
John Moore	Reimbursement of expenses	-	644
Robert McKelvey	Director fees	50,000	34,167
Robert McKelvey	Reimbursement of expenses	183	329
Anthony Kinnear	Director fees	8,333	34,167
Ed Fernandez	Director fees	50,000	10,000
Key management personnel			
Cameron Fellows	Reimbursement of expenses	4,049	9,003
Conor Byrne	Reimbursement of expenses	-	3,757
Dustin Cappelletto	Reimbursement of expenses	22,052	27,860
Gary Hui	Reimbursement of expenses	12,000	10,765
Kevin Chin	Reimbursement of expenses	72,023	6,075
Sean Steele	Reimbursement of expenses	75,323	41,276

30. Related party transactions (continued)

Expense transactions (continued)

	Transaction	2019	2018
		$	$
Other related parties			
Arowana Partners Group Pty Limited [(a)]	Director fees	30,000	30,000
Arowana Partners Group Pty Limited [(a)]	Contractors fees	-	648,147
Arowana Partners Group Pty Limited [(a)]	Research fees	184,991	157,862
Arowana Partners Group Pty Limited [(a)]	Reimbursement of expenses	198,717	505,312
Arowana Capital Pty Ltd [(a)]	Reimbursement of expenses	88,680	68,296
Borneo Capital Pty Limited [(a)]	Rent	360,934	323,113
Borneo Capital Pty Limited [(a)]	Reimbursement of expenses	5,073	15,627
FX2School Pty Limited [(a)]	Reimbursement of expenses	-	2,870
Arowana Group (Asia) Pte Ltd	Reimbursement of expenses	-	35,612

Revenue transactions

	Transaction	2019	2018
		$	$
Other related parties			
Arowana Capital Pty Limited [(a)]	Reimbursement of expenses	170	348
Arowana Partners Group Pty Limited [(a)]	Reimbursement of expenses	10,969	17,850
Arowana Group (Asia) Pte Ltd	Reimbursement of expenses	11,709	1,603
Borneo Capital Pty Limited [(a)]	Reimbursement of expenses	2,186	559
FX2School Pty Ltd [(a)]	Reimbursement of expenses	42	774
Luz Almond Company Pty Ltd [(a)]	Reimbursement of expenses	-	185
Aevitas Group Limited[(d)]	Reimbursement of expenses	-	629
V.V.P.Holdings, Inc. [(b)]	Reimbursement of expenses	1,963	-
Viento Group Limited [(c)]	Reimbursement of expenses	8,236	175,463

30. 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:

	2019	2018
	$	$
Arowana Partners Group Pty Limited (a)	(9,345)	14,770
Borneo Capital Pty Ltd (a)	23,458	-
Rob McKelvey	-	362
John Moore	-	30
Kevin Chin	59,243	-
Arowana Capital Pty Ltd	-	3,555

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:

	2019	2018
	$	$
Arowana Capital Pty Limited (a)	8	18
Kevin Chin	-	12,780
Arowana Partners Group Pty Limited (a)	3,324	149
FX2School Pty Ltd (a)	12,845	13,822
Gary Hui	-	2,428

(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.*

31. Controlled entities

Name of Entity	Country of incorporation	Class of shares	2019	2018
			%	%
Parent entity				
Arowana International Limited				
Controlled entities of Arowana International Limited				
Arowana Australasian Holdings Limited	Australia	Ordinary	100	100
Arowana Education Holdings Pty Limited	Australia	Ordinary	100	100
Thermoscan Holdings Pty Limited	Australia	Ordinary	100	100
Thermoscan Inspection Services Pty Limited	Australia	Ordinary	-	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 Limited	Australia	Ordinary	100	100
EdventureCo Pty Ltd	Australia	Ordinary	100	100
Everthought Education Holdings Pty Limited	Australia	Ordinary	100	100
Everthought Education Pty Limited	Australia	Ordinary	100	100
Everthought College of Construction Holdings Pty Limited	Australia	Ordinary	100	100
Everthought College of Construction Pty Limited	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	-
AlicornCo Pty Limited	Australia	Ordinary	100	100
Arowana REIF Fund Pty Limited	Australia	Ordinary	100	100
Arowana REIF Management Pty Limited	Australia	Ordinary	100	100
ASIOF Fund Pty Limited	Australia	Ordinary	100	100
ASIOF Investments 1 Pty Limited	Australia	Ordinary	100	-
ASIOF Management Pty Limited	Australia	Ordinary	100	100

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

Name of Entity	Country of incorporation	Class of shares	2019	2018
			%	%
Arowana International USA LLC	USA	Ordinary	100	100
Arowana International UK Limited	UK	Ordinary	100	100
VivoPower Pty Limited	Australia	Ordinary	60	61
ACN 613885224 Pty Limited	Australia	Ordinary	60	61
VivoPower WA Pty Limited	Australia	Ordinary	60	61
VVP Project 1 Pty Limited	Australia	Ordinary	60	61
VVP Project 2 Pty Limited	Australia	Ordinary	60	61
Amaroo Solar Pty Limited	Australia	Ordinary	60	61
Amaroo Solar TCo Pty Limited	Australia	Ordinary	60	61
Amaroo Solar HCo Pty Limited	Australia	Ordinary	60	61
Amaroo Solar FCo Pty Limited	Australia	Ordinary	60	61
SC TCo Pty Limited	Australia	Ordinary	60	61
SC HCo Pty Limited	Australia	Ordinary	60	61
SC FCo Pty Limited	Australia	Ordinary	60	61
SC OCo Pty Limited	Australia	Ordinary	60	61
Juice Capital Fund 1 Pty Limited	Australia	Ordinary	-	61
Aevitas O Holdings Pty Limited	Australia	Ordinary	60	61
Aevitas Group Limited	Australia	Ordinary	60	61
Aevitas Holdings Pty Limited	Australia	Ordinary	60	61
DGI Pty Limited	Australia	Ordinary	60	61
Electrical Engineering Group Pty Limited	Australia	Ordinary	60	61
JA Martin Electrical Pty Limited	Australia	Ordinary	60	61
Kenshaw Electrical Pty Limited	Australia	Ordinary	60	61
Yoogali Solar Farm Pty Ltd *	Australia	Ordinary	36	-
VivoPower International PLC	UK	Ordinary	60	61
VivoPower International Holdings Limited	UK	Ordinary	60	61
VivoPower International Services Limited	Jersey	Ordinary	60	61
VivoPower USA LLC	USA	Ordinary	60	61
VivoRex LLC	USA	Ordinary	60	61
VivoPower US-NC-31, LLC	USA	Ordinary	60	61
VivoPower US-NC-47, LLC	USA	Ordinary	60	61
VivoPower (USA) Development, LLC	USA	Ordinary	60	61
VivoPower Singapore Pte. Ltd.	Singapore	Ordinary	60	61
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 Arowana International Limited.

32. Events subsequent to reporting date

No 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.

33. Auditor's remuneration

For the reporting period ended 30 June	2019	2018
	$	$
(a) PKF Brisbane Audit		
Audit and review of financial statements	211,750	191,150
Audit and review of financial statements of Aevitas Group Limited	73,500	
Other services	-	7,500
(b) PKF Tax Pty Ltd (NSW)		
Provision of taxation services	43,450	46,450
(c) PKF Littlejohn LLP		
Audit and review of financial statements of VivoPower International PLC	268,656	232,715
(d) PKF Newcastle		
Audit and review of financial statements of Aevitas Group Limited	-	85,000
Total paid to PKF Brisbane Audit and its network firms	**597,356**	**562,815**

34. 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.

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.

35. 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	2019	2018
Assets	$	$
Current assets	6,120,878	4,280,823
Non-current assets	105,677,020	104,252,251
Total assets	**111,797,898**	**108,533,074**
Liabilities		
Current liabilities	2,470,519	6,878,809
Non-current liabilities	14,734,272	4,434,587
Total liabilities	**17,204,791**	**11,313,396**
Net assets	**94,593,107**	**97,219,678**

Statement of Equity	2019	2018
	$	**$**
Issued capital	60,274,069	60,343,819
Capital raising costs	(486,020)	(486,020)
Retained earnings	48,831,504	51,473,307
Reserves	(14,026,446)	(14,111,428)
Total equity	**94,593,107**	**97,219,678**

Statement of Comprehensive Income	2019	2018
	$	**$**
Total loss	(2,167,291)	(6,644,940)
Total comprehensive loss	(2,167,291)	(6,733,729)

Guarantees

The Company has entered into a Deed of Cross Guarantee with a number of its wholly-owned subsidiaries. Please refer note 34 for further details. The Company has provided no other guarantee.

35. Parent entity information (continued)

Contingent Assets and Liabilities

The Company has no contingent assets as at 30 June 2019.

The Company has no contingent liabilities as at 30 June 2019.

36. Business combinations

(a) Acquisition of DDLS Australia Pty Ltd ("DDLS")

On 5 December 2017, the Company, through its newly established wholly-owned subsidiary, DDLS Australia Holdings Pty Ltd, acquired DDLS Australia Pty Ltd ("DDLS"), the largest information and communications technology training business in Australia (and the broader Asia Pacific region). The acquisition of DDLS is key to AWN's strategy to build an education platform that is run in accordance with Arowana's modus operandi and tempo. The transaction was the catalyst for the launch of a new education platform, EdventureCo, that now encompasses Everthought Education, AWN's existing building and construction training business, and DDLS.

Total consideration for DDLS was $3,981,223 (net of working capital adjustments), representing up-front cash consideration of $500,000 and unconditional deferred consideration of $3,481,223. The deferred consideration has been settled in full as at the date of this report.

The acquisition of DDLS contributed revenue of $20,512,739 towards total Group revenue for the year ended 30 June 2018. Had the acquisition occurred on 1 July 2017, the total revenue contribution to the Group would have been $36,517,714.

(b) Acquisition of VivoPower Philippines entities

VivoPower Singapore Pte Ltd, a wholly-owned subsidiary of VivoPower International PLC, has control over three Philippines-based subsidiaries, detailed as follows:

- V.V.P. Holdings Inc;
- VivoPower Philippines Inc; and
- VivoPower RE Solutions Inc.

VivoPower Philippines Inc and VivoPower RE Solutions Inc are both controlled by V.V.P. Holdings Inc.

These entities were established to provide support to the head office Investment Team with a focus on identifying and analysing potential project opportunities throughout Asia. Despite being controlled by VivoPower Singapore Pte Ltd as at 30 June 2017, these entities were not consolidated at that date on the basis of materiality. As the activity within these entities has continued to increase, it was deemed appropriate to consolidate them with effect from 1 July 2017.

Upon initial consolidation, the Group recognised negative net assets of $781,054 which resulted in a corresponding amount of goodwill on acquisition. This goodwill was immediately deemed impaired and the impact of the provision was included in the consolidated statement of profit and loss for the year ended 30 June 2018.

36. Business combinations (continued)

Business Combination details	DDLS Pty Ltd	V.V.P. Holdings Inc
Cash and cash equivalents	3,249,811	20,964
Trade and other receivables	2,248,207	-
Accrued income	1,042,232	-
Other current assets	875,188	1,148
Property, plant and equipment	2,768,139	495
Identifiable intangible assets	3,318,000	-
Other non-current assets	-	3,484
Deferred tax asset	900,909	-
Trade and other payables	(8,248,856)	(127,437)
Other non-current liabilities	(2,583,886)	-
Deferred tax liability	(753,300)	-
Borrowings	-	(679,708)
Fair value of identifiable net assets / (liabilities) acquired	**2,816,444**	**(781,054)**
Consideration:		
Cash consideration paid, net of working capital adjustment	1,325,207	-
Deferred consideration (unconditional)	2,656,016	-
Total consideration paid	**3,981,223**	**-**
Goodwill on acquisition	**1,164,779**	**781,054**
Cash acquired	3,249,811	20,964
Less consideration paid, net of working capital adjustment	(1,325,207)	-
Net cash acquired	**1,924,604**	**20,964**

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 2019 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 34 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 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Arowana International Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2019, 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 Arowana International 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 2019 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

PKF Brisbane Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

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.

1. Effects of first-time application of AASB 16 on the accounting for leases

Why significant	How our audit addressed the key audit matter
AASB 16 replaces the existing standard AASB 117 and specifies how a Company will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The consolidated entity has decided to early adopt AASB 16 *Leases* effective 1 July 2018. The implementation of AASB 16 is considered a key audit matter due to • the judgments needed in establishing the underlying key assumptions; and • the material adjustment to the entity's assets and liabilities at 1 July 2018. The Company engaged an independent third party to assist with the transition. The modified retrospective approach was applied for the conversion to AASB 16. The comparable figures from the prior year's periods were not adjusted. The Company disclosed its adoption of AASB 16, including key assumptions, in the note 1(w) and note 20 to the consolidated financial statements.	We have evaluated the application of AASB 16 and tested the resulting impact on the balance sheet and income statement. We have assessed whether the accounting regarding leases is consistent with the definitions of AASB 16 including factors such as lease term, discount rate and measurement principles. Specifically, our work in this area included: • Discussions with management regarding the first-time adoption methodology and checking calculations on transition; • Review of workings and calculations prepared by the independent third party; • Substantive testing of capitalised lease calculations and the relevant unwinding of the lease asset and lease liability: and • Assessing the adequacy of the disclosures made by management in the consolidated financial statements

2. Carrying value of intangible assets including goodwill

Why significant	How our audit addressed the key audit matter
As at 30 June 2019, the Group recorded the following intangible assets: • Goodwill of $32.5 million; and • Intangible assets of $13.9 million. The Group accounting policy in respect of goodwill and intangible assets is outlined in Note 2(f). An annual impairment test 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 Group to exercise significant judgement in determining the key assumptions, which include: • 5-year cash flow forecast; • Terminal value growth factor; • Discount rate; and • Growth rate. 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 rate used in the forecast model, including comparing the growth rate in the industry; • assessing and challenging the discount rate applied in the forecast model; • 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 analysis in relation to key assumptions including discount rate, growth rate and terminal value. In addition, as part of our procedures: • we assessed the Group'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.

3. 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 $12.14m (2018: loss of $24.96m) and net cash inflows from operations of $2.98m (2018: net cash outflows from operations of $11.58m).	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 feasible in the circumstances. This included evaluating the consolidated entity's latest cash flow forecast for a

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.

period that is not less than 12 months beyond the date of the financial statements are 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 for a period that is not less than 12 months beyond the date of these financial statements are approved;
- Performing a retrospective review of the prior year cash flow forecast to assess the consolidated entity'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

4. Revenue recognition

Why significant	How our audit addressed the key audit matter
As disclosed in the revenue recognition accounting policy in Note 2, the Group's revenue is derived primarily from the sale of goods and rendering of services with revenue being recognised at the point in time when the customer obtains control of the Group's products or services. The recognition of revenue is a key performance indicator to the users of the financial statements and as such is of high interest to stakeholders. We considered this a key audit matter due to the size and magnitude of revenue, and due to there being multiple revenue streams increasing the complexity of recognition.	Our testing in this area included the following: • Updating and checking our understanding of the internal control environment for the significant income streams; • Substantive testing on a sample of contracts concluded and in progress at the period end, including contract assets and liabilities and deferred and accrued income; • Testing the project stage of completion having reference, where applicable, to independent survey reports; • Review of post year-end cash receipts and documents to test the completeness, cut-off and accuracy of revenue around the period end. • Assessing the adequacy of the disclosures made by management in the consolidated financial statements.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

We have obtained all the Other Information prior to the date of this Auditor's Report which includes the Chairman's & CEO's Letter, Corporate Governance Statement, Directors' Report and Additional Information for Listed Companies.

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 a 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 responsibility is to express an opinion on the financial report based on our audit. 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, individual 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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.

We 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 financial report. We are responsible for the direction, supervision and performance of the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.

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 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 2019.

In our opinion, the Remuneration Report of Arowana International Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

PKF

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

PKF BRISBANE AUDIT

LIAM MURPHY

PARTNER

27 AUGUST 2019
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 19 August 2019.

Substantial shareholders

The names of the substantial shareholders listed in the holding Company's register at 19 August 2019 (15 August 2018) are:

Shareholders	Number of shares	
	2019	**2018**
HSBC Custody Nominees (Australia) Limited	13,214,546	13,499,555
AIA Investment Management Pty Ltd	11,367,420	11,367,420
Contemplator Pty Ltd <Arg Pension Fund A/C>	9,170,335	9,170,335
K&B Richards Pty Ltd <Richards Super Fund A/C>	8,575,000	8,575,000

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 Units	%
1-1,000	71	26,007	0.02
1,001-5,000	75	213,972	0.13
5,001-10,000	73	562,720	0.36
10,001-100,000	493	18,908,508	11.95
100,001 and over	173	138,459,592	87.54
Total	**885**	**158,170,799**	**100**

Twenty largest shareholders

Shareholders	Ordinary shares Number	Ordinary shares %
HSBC Custody Nominees (Australia) Limited	13,214,546	8.36%
AIA Investment Management Pty Ltd	11,367,420	7.19%
Contemplator Pty Ltd <Arg Pension Fund A/C>	9,170,335	5.80%
K&B Richards Pty Ltd <Richards Super Fund A/C>	8,575,000	5.42%
181 Foundation Pty Limited <Chin Family Super Fund A/C>	7,121,046	4.50%
Panaga Group Pty Ltd <The Panaga Group A/C>	7,079,917	4.48%
Ruminator Pty Ltd	5,046,667	3.19%
Traoj Pty Ltd <Traoj A/C>	3,168,574	2.00%
Nwod Montpelier Investments Pty Limited	3,000,000	1.90%
Impulsive Pty Ltd <Dawson Super Fund A/C>	2,857,000	1.81%
Alochan Pty Limited <Share A/C>	2,732,143	1.73%
Stitching Pty Ltd <SSG Superannuation Fund A/C>	2,655,168	1.68%
Clurname Pty Ltd	2,622,000	1.66%
Yellow Diamond Pty Ltd <Navsar Super A/C>	2,093,017	1.32%
OHJS Group Pty Ltd <Super Hans Super Fund A/C>	2,057,000	1.30%
Global Mutual Funds Pty Ltd	1,865,666	1.18%
Pintia Pty Ltd <Peter Curry Super Fund A/C>	1,820,000	1.15%
Leanganook Pty Ltd <Leanganook S/F A/C>	1,430,000	0.90%
Ralsten Pty Limited	1,400,000	0.89%
Sargoda Pty Ltd <Birdeep Family A/C>	1,301,538	0.82%
Total for twenty largest shareholders	**90,577,037**	**57.27%**
Total Issued Capital	**158,170,799**	

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

Arowana International Limited and its Controlled Entities

For the year ended 30 June 2019

Corporate Directory

Corporate Directory

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