

# Arowana International Limited and its Controlled Entities (AWN)

ABN 83 103 472 751

## Appendix 4E

### Preliminary Final Report (given to ASX under listing rule 4.3A)

For the year ended 30 June 2016

(Previous corresponding period: year ended 30 June 2015)

### Results for Announcement to the Market

	Change from previous corresponding period			\$
Revenue from continuing operations	Up	42%	to	<b>4,377,116</b>
Loss after tax from continuing operations	Up	178%	to	<b>(30,694,446)</b>
Loss after tax from discontinued operations	Up	106%	to	<b>(271,283)</b>
Net loss for the year	Up	384%	to	<b>(30,965,729)</b>

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend - 2015	1 cent	Nil
Interim Dividends - 2016	0.5 cents	Nil
Final Dividend - 2016	0.3 cents	Nil
Record date for determining entitlement to dividends		7 September 2016

#### Brief explanation necessary to enable the figures to be understood:

Revenue from continuing operations increased strongly albeit off a low base, principally reflecting the successful growth in management and performance fee income from the Arowana Funds Management division, particularly the Arowana Australasian Value Opportunities Fund Limited (“AAVOF”). Revenue from this source over the period from 5 January 2015 (being AAVOF’s IPO date) to 30 June 2015 was \$239,000 whereas in the full financial year to 30 June 2016 funds management revenue was \$1.342 million. Revenue from other continuing operations including Thermoscan and the Arowana Enterprise Office was broadly in line with the prior comparable period.

However, loss after tax from continuing operations has increased by 178% to (\$30.694) million due primarily to the continued underperformance of our 24.88% equity accounted, non-controlled investment in Intueri Education Group (IQE), which contributed a share of net losses of associates of (\$11.725) million and an additional impairment provision charge of (\$13.412) million. The total negative non cash P & L impact (loss after tax attributable to members) of the non-controlled investment in IQE was thus (\$25.137) million in the year to 30 June 2016.

During the year to 30 June 2016, AWN’s Operating Companies division undertook significant expansion and investment in its new enterprises in the solar energy sector, including VivoPower International PLC and its subsidiaries in the USA as well as VivoPower Australia Pty Ltd and its subsidiaries in Asia. The residual loss after tax not attributable to IQE is primarily a consequence of an increase in headcount, as well as travel and administration costs, to support the rapid scaling up of these solar energy enterprises. These incremental costs have yet to be on-charged at commercial arm’s length rates to these enterprises.

Following market announcements on 1, 12 & 25 August 2016 in relation to the proposed partial sell down plans for these enterprises, they and other investments held and associated with the same proposal, are treated as discontinued operations and assets held for sale in the Consolidated Income Statement and Statement of Financial Position, respectively. Costs of establishing these enterprises and initial operating expenses in the period to 30 June 2016, give rise to the ‘Loss from discontinued operations, after tax’ of \$(271,283) while the underlying assets, at cost and liabilities, carried in the balance sheet at 30 June as ‘held for sale’ current assets and liabilities are \$50.465 million and \$2.202 million respectively. The expected impact on AWN of the proposed partial sale of these enterprises and realisation of other investments held, in the 2016/2017 financial year is outlined in the market announcement of 12 August 2016.

NTA backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	56.2 cents	76.8 cents

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period
From continuing and discontinued operations combined:		
Basic EPS	(19.53) cents	(4.04) cents
Diluted EPS	(19.53) cents	(4.04) cents
From continuing operations:		
Basic EPS	(19.36) cents	(6.97) cents
Diluted EPS	(19.36) cents	(6.97) cents
From discontinued operations:		
Basic EPS	(0.17) cents	2.93 cents
Diluted EPS	(0.17) cents	2.93 cents

**Additional information:**

For additional information required under listing rule 4.3A, please refer to the attached Preliminary Consolidated Financial Report and accompanying market release.

**Commentary on the Results for the Period:**

For commentary on the results of Arowana International Limited for the year ended 30 June 2016, please refer to the attached Preliminary Financial Report.

**Audit Status:**

This report is based on accounts that are in the process of being audited by PKF Hacketts Audit, Brisbane.

**Attachments Forming Part of the Appendix 4E:**

Attachment #	Details
1	Preliminary Consolidated Financial Report for the year ended 30 June 2016.



Tom Bloomfield  
Company Secretary

31 August 2016

**Attachment # 1 to Appendix 4E  
Preliminary Consolidated Financial Report  
For the Year Ended 30 June 2016.**

**Arowana International Limited and its Controlled Entities (AWN)  
ABN 83 103 472 751**

The preliminary consolidated financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for Arowana International Limited for the year ended 30 June 2015, the December 2015 half-year report and any public announcements made by Arowana International Limited and its controlled entities during the year ended 30 June 2016 and subsequently, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

**Arowana International Limited & Controlled Entities (AWN)**  
**Consolidated Income Statement**  
**For the year ended 30 June 2016**

	Notes	Year ended 30 June 2016 \$	Year ended 30 June 2015 (Restated) \$
<b>Continuing operations</b>			
Revenue – rendering of services		4,377,116	3,090,625
Interest income		976,207	1,678,079
<b>Total revenue</b>		<b>5,353,323</b>	<b>4,768,704</b>
Other income		235,700	200,000
Cost of sales		(7,405)	(1,186)
Employee costs		(5,838,639)	(3,508,911)
Employee long term incentive plan costs		(76,451)	(1,000,000)
Occupancy costs		(411,044)	(509,069)
Directors’ fees		(108,452)	(132,254)
Marketing costs		(123,993)	(163,331)
Insurance costs		(149,701)	(146,507)
IT and communication costs		(232,818)	(175,842)
Travel costs		(973,295)	(350,982)
Interest expense		(8,138)	(14,584)
Depreciation		(180,946)	(158,150)
Provision for impairment	3	(13,733,725)	(17,356,877)
Administration Costs		(3,832,234)	(1,411,311)
Share of net (loss) profit of associates accounted for using the equity method	3	(11,725,535)	1,974,790
<b>(Loss)/Profit before income tax</b>		<b>(31,813,353)</b>	<b>(17,985,510)</b>
Income tax benefit/(expense)		1,118,907	6,930,637
<b>Net (loss)/profit from continuing operations</b>		<b>(30,694,446)</b>	<b>(11,054,873)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations after tax	4	(271,283)	4,650,575
<b>(Loss)/Profit for the year</b>		<b>(30,965,729)</b>	<b>(6,404,298)</b>
(Loss)/Profit attributable to: Non-controlling interest		(80,233)	913
<b>Parent interest (Arowana International Limited)</b>		<b>(30,885,496)</b>	<b>(6,405,211)</b>

The above preliminary consolidated income statement should be read in conjunction with the accompanying notes.

**Arowana International Limited & Controlled Entities (AWN)**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2016**

	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
Loss for the year	(30,965,729)	(6,404,298)
<b>Other comprehensive income for the year</b>		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences on translating foreign operations	(484,225)	(2,125,471)
<i>Items that will not be reclassified to profit and loss</i>		
Fair value adjustment – available for sale investment	310,411	3,966,337
<b>Other comprehensive income for the year, net of tax</b>	<u>(173,814)</u>	<u>1,840,866</u>
<b>Total comprehensive income for the period, net of tax</b>	<u><b>(31,139,543)</b></u>	<u><b>(4,563,432)</b></u>
<b>Total comprehensive income attributable to</b>		
• Arowana International Limited	(31,087,332)	(4,571,426)
• Non-controlling interests	(52,211)	7,994
	<u><b>(31,139,543)</b></u>	<u><b>(4,563,432)</b></u>

The above preliminary statement of comprehensive income should be read in conjunction with the accompanying notes.

**Arowana International Limited & Controlled Entities (AWN)**
**Statement of Financial Position**
**As at 30 June 2016**

	Notes	As at 30 June 2016 \$	As at 30 June 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		20,304,671	54,061,080
Trade and other receivables		1,780,520	2,677,923
Other current assets		219,275	198,600
Assets classified as held for sale	5	50,465,456	-
<b>Total current assets</b>		<b>72,769,922</b>	<b>56,937,603</b>
<b>Non-current assets</b>			
Investment accounted for using the cost method		-	6,266,831
Investment in available for sale financial assets		7,560,082	7,116,638
Investments accounted for using the equity method	3	8,629,822	37,333,502
Other financial assets		3,492,010	14,622,606
Other non-current assets		497,350	41,800
Property, plant & equipment		328,631	457,072
Deferred tax asset		8,282,003	7,185,945
Intangible assets		2,201,040	2,201,040
<b>Total non-current assets</b>		<b>30,990,938</b>	<b>75,225,434</b>
<b>Total assets</b>		<b>103,760,860</b>	<b>132,163,037</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,807,693	1,069,707
Current tax liabilities		66,933	26,994
Current provisions		168,500	102,699
Interest bearing liabilities		45,818	58,743
Liabilities directly associated with assets classified as held for sale	5	2,202,269	-
<b>Total current liabilities</b>		<b>4,291,213</b>	<b>1,258,143</b>
<b>Non-current liabilities</b>			
Trade and other payables		-	8,980
Non-current provision		33,894	24,276
Interest bearing liabilities		30,610	76,429
Deferred tax liability		-	-
<b>Total non-current liabilities</b>		<b>64,504</b>	<b>109,685</b>
<b>Total liabilities</b>		<b>4,355,717</b>	<b>1,367,828</b>
<b>Net assets</b>		<b>99,405,143</b>	<b>130,795,209</b>
<b>EQUITY</b>			
Issued capital		59,948,004	59,504,436
Reserves		(12,695,607)	(12,570,222)
Retained earnings		49,304,286	82,562,345
Equity attributable to Parent interest		96,556,683	129,496,559
Equity attributable to non-controlling interest		2,848,460	1,298,650
<b>Total equity</b>		<b>99,405,143</b>	<b>130,795,209</b>

The above preliminary statement of financial position should be read in conjunction with the accompanying notes.

**Arowana International Limited & Controlled Entities (AWN)**

**Statement of Changes in Equity**

**For the year ended 30 June 2016**

	Issued capital \$	General reserve \$	Share Buyback Reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total attributable to Parent interest \$	Non-controlling interest \$	Total equity \$
<b>As at 1 July 2014</b>	<b>61,401,416</b>	<b>(11,754,685)</b>	-	<b>254,356</b>	<b>91,827,668</b>	<b>141,728,755</b>	-	<b>141,728,755</b>
Loss for the year	-	-	-	-	(6,405,211)	(6,405,211)	913	(6,404,298)
Other comprehensive income for the year	-	3,959,256	-	(2,125,471)	-	1,833,785	7,081	1,840,866
Transfer of foreign currency translation reserve to retained earnings	-	-	-	(303,304)	303,304	-	-	-
Total comprehensive income	-	3,959,256	-	(2,428,775)	(6,101,907)	(4,571,426)	7,994	(4,563,432)
Transactions with owners in their capacity as owners (net of transaction costs and taxes)								
Issue of shares	-	-	-	-	-	-	1,290,656	1,290,656
Capital raising cost	(4,613)	-	-	-	-	(4,613)	-	(4,613)
Share buyback	(1,892,367)	-	(2,600,374)	-	-	(4,492,741)	-	(4,492,741)
Dividend paid	-	-	-	-	(3,163,416)	(3,163,416)	-	(3,163,416)
<b>As at 30 June 2015</b>	<b>59,504,436</b>	<b>(7,795,429)</b>	<b>(2,600,374)</b>	<b>(2,174,419)</b>	<b>82,562,345</b>	<b>129,496,559</b>	<b>1,298,650</b>	<b>130,795,209</b>
<b>As at 1 July 2015</b>	<b>59,504,436</b>	<b>(7,795,429)</b>	<b>(2,600,374)</b>	<b>(2,174,419)</b>	<b>82,562,345</b>	<b>129,496,559</b>	<b>1,298,650</b>	<b>130,795,209</b>
Loss for the year	-	-	-	-	(30,885,496)	(30,885,496)	(80,233)	(30,965,729)
Other comprehensive income for the year	-	285,160	-	(486,996)	-	(201,836)	28,022	(173,814)
Total comprehensive income	-	285,160	-	(486,996)	(30,885,496)	(31,087,332)	(52,211)	(31,139,543)
Transactions with owners in their capacity as owners (net of transaction costs and taxes)								
Non-controlling interest from acquisition during the period	-	-	-	-	-	-	1,202,021	1,202,021
Issue of shares	451,050	-	-	-	-	451,050	400,000	851,050
Capital raising cost	(7,482)	-	-	-	-	(7,482)	-	(7,482)
LTVCP reserve	-	76,451	-	-	-	76,451	-	76,451
Dividend paid	-	-	-	-	(2,372,563)	(2,372,563)	-	(2,372,563)
<b>As at 30 June 2016</b>	<b>59,948,004</b>	<b>(7,433,818)</b>	<b>(2,600,374)</b>	<b>(2,661,415)</b>	<b>49,304,286</b>	<b>96,556,683</b>	<b>2,848,460</b>	<b>99,405,143</b>

**Arowana International Limited & Controlled Entities (AWN)****Statement of Cash Flows****For the year ended 30 June 2016**

	Year ended 30 June 2016	Year ended 30 June 2015
<b>Cash flows from operating activities</b>	<b>\$</b>	<b>\$</b>
Receipts from customers	4,020,671	5,587,127
Payments to suppliers and employees	(12,108,937)	(26,849,456)
Interest received	578,175	1,589,470
Interest paid	(8,138)	(14,584)
Income tax (paid)/refund	(70,245)	46,207
<b>Net cash outflow from operating activities</b>	<b>(7,588,474)</b>	<b>(19,641,236)</b>
<b>Cash flows from investing activities</b>		
Net cash paid for investment in shares	(542,667)	(10,211,024)
Net cash paid for investment in convertible notes/term loan	(4,630,000)	(14,622,606)
Net cash acquired on business acquisition	630,881	-
Net cash paid for solar project development	(16,533,596)	-
Purchase of intangible assets	(1,126,938)	-
Net cash inflow on disposal of a subsidiary/substantial interest in a subsidiary	878,537	6,685,305
Dividend received	1,338,785	1,848,972
Purchase of property, plant & equipment	(544,388)	(84,645)
Proceeds from sale of property, plant & equipment	-	12,955
<b>Net cash outflow from investing activities</b>	<b>(20,529,386)</b>	<b>(16,371,043)</b>
<b>Cash flows from financing activities</b>		
Proceeds from partnership contributions	400,000	1,290,656
Payment of capital raising costs	(12,980)	(4,613)
Payment for share buyback	-	(4,492,741)
Proceeds from borrowings	508,872	-
Repayment of borrowings	(112,635)	(112,004)
Dividend paid	(2,372,563)	(3,163,416)
<b>Net cash outflow from financing activities</b>	<b>(1,589,306)</b>	<b>(6,482,118)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(29,707,166)</b>	<b>(42,494,397)</b>
Effect of foreign currency translation	(294,045)	(521,767)
Cash and cash equivalents at the beginning of the year	54,061,080	97,077,244
<b>Cash and cash equivalents at the end of the year (Note 6)</b>	<b>24,059,869</b>	<b>54,061,080</b>
<b>Non-cash investing and financing activities:</b>		
Share based payments – issue of preference share	76,451	-

**Notes to the Statement of Cash Flows**

The net cash flows of the discontinued operations for the year ended 30 June 2016, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow from operating activities	701,787
Net cash outflow from investing activities	(15,769,905)
Net cash inflow from financing activities	20,544,109
<b>Net cash increase generated by the discontinued operation</b>	<b>5,475,991</b>

The above preliminary statement of cash flows should be read in conjunction with the accompanying notes.



**Arowana International Limited & Controlled Entities (AWN)**  
**Notes to the Preliminary Consolidated Financial Report**  
**For the year ended 30 June 2016**

**1. Basis of Preparation and Significant Accounting Policies**

The preliminary final report has been prepared in accordance with ASX listing rules, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards and the Corporations Act 2001. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensure that the financial statements and notes also comply with International Financial Reporting Standards. The preliminary final report does not include all the notes of the type normally included in an annual report and should be read in conjunction with the annual report for Arowana International Limited for the financial year ended 30 June 2015, the December 2015 half-year report and any public announcements made by Arowana International Limited and its controlled entities during the year ended 30 June 2016 in accordance with the continuous disclosure requirements of the Listing Rules of the ASX.

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in Arowana International Limited's annual report for the year ended 30 June 2015. Where appropriate, comparative information is reclassified to enhance comparability. The preliminary final report was authorised for issue by the Directors on 31 August 2016.

**2. 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.

**3. Investments accounted for using the equity method and provision for impairment**

The Company's 24.88% interest in Intueri Education Group Limited (Intueri) is accounted for using the equity method. During the financial year ended 30 June 2016 Intueri made one-off write downs of goodwill totaling NZ\$59.9 million which resulted in The Company's share of equity accounted losses of Intueri for the year being \$(11,725,535) (2015: share of profit \$1,974,790). In addition, given Intueri's significant share price depreciation, the Company has evaluated the carrying value of its balance sheet investment in Intueri and provided its own impairment provision of a further \$13,411,715 (2015:\$17,356,877). The total charge to loss before income tax in respect of Intueri for the year ended 30 June 2016 is therefore \$25,137,250 (2015: \$15,382,087).

<b>Intueri Education Group Limited - investment accounted for using the equity method</b>	<b>\$</b>
<b>Opening Balance 1 July 2015</b>	<b>35,085,808</b>
Dividend received	(1,338,785)
Share of loss for the year	(11,725,535)
Share of other comprehensive income	(143,294)
Provision for impairment at 30 June 2016	(13,411,715)
Foreign Currency translation	(379,324)
<b>Closing Balance 30 June 2016</b>	<b>8,087,155</b>
<b>Viento Limited - investment accounted for using the equity method</b>	<b>\$</b>
<b>Opening Balance 1 July 2015</b>	<b>NIL</b>
Shares acquired on 30 June 2016, at cost	542,667
<b>Closing Balance 30 June 2016</b>	<b>542,667</b>
<b>Total Investments accounted for using the equity method</b>	<b>\$</b>
<b>Opening Balance 1 July 2015</b>	<b>35,085,808</b>
<b>Closing Balance 30 June 2016</b>	<b>8,629,822</b>

**Arowana International Limited & Controlled Entities (AWN)**  
**Notes to the Preliminary Consolidated Financial Report**  
**For the year ended 30 June 2016**

**4. Discontinued Operations**

During the year to 30 June 2016 the operating companies division undertook significant expansion and investment in its new enterprises in the renewable energy sector, including the establishment of VivoPower International PLC in the UK and its subsidiaries in the USA. In announcements to the ASX on 1, 12 & 25 August 2016 the Company outlined its proposals for the partial sell down of these business during the year ended 30 June 2017 and accordingly they are treated as discontinued operations and assets held for sale in the Consolidated Income Statement and Statement of Financial Position, respectively.

Costs of establishing these enterprises and initial operating expenses in the period to 30 June 2016, give rise to the 'Loss from discontinued operations, after tax' of \$(271,283), (2015: profit \$4,650,575).

The underlying assets, at cost and the liabilities, of the discontinued operations are carried in the Statement of Financial Position at 30 June as 'held for sale' current assets and liabilities – see note 5 below.

The expected impact on the Company of the proposed sale of these enterprises in the 2016/2017 financial year is outlined in the market announcement of 12 August 2016.

**5. Current assets and current liabilities classified as held for sale**

As outlined in note 4 above, the Company proposes to sell down its majority interests in subsidiaries VivoPower International PLC and VivoPower Pty Limited which operate in the renewable energy sector, during the year ended 30 June 2017. Details of these proposals were announced to the ASX on 1, 12 & 25 August 2016 and accordingly the assets and liabilities of these companies are classified as held for sale in the Statement of Financial Position as well as other assets which are expected to be realised as part of the same proposed transaction. Details of the components of held for sale assets and liabilities at 30 June 2016 are set out below.

<b>Held for Sale at 30 June 2016</b>	<b>Other assets</b>	<b>VivoPower International PLC</b>	<b>VivoPower Pty Limited</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>				
Cash and cash equivalents	-	3,027,284	727,914	3,755,198
Trade Receivable	-	-	113,597	113,597
Prepayments	-	307,833	30,840	338,673
Sundry Debtors	-	-	3,997	3,997
Accrued income	2,709,136	-	12,775	2,721,911
Loans receivable	1,460,000	-	696,940	2,156,940
Intangible assets	-	-	1,102,522	1,102,522
Property Plant and Equipment	-	24,874	1,230,329	1,255,203
Promissory Notes receivable	-	15,978,125	-	-
Investments accounted for using the cost method	20,889,437	-	-	36,867,562
Deferred tax asset	-	-	471,108	471,108
Goodwill on consolidation	1,678,745	-	-	1,678,745
	<b>26,737,318</b>	<b>19,338,116</b>	<b>4,390,022</b>	<b>50,465,456</b>
<b>Current Liabilities</b>				
Trade Creditors	-	562,326	45,180	607,506
Accrued expenses	-	208,030	39,861	247,891
Interest bearing liabilities	-	-	1,346,872	1,346,872
	-	<b>770,356</b>	<b>1,431,913</b>	<b>2,202,269</b>

**Arowana International Limited & Controlled Entities (AWN)**  
**Notes to the Preliminary Consolidated Financial Report**  
**For the year ended 30 June 2016**

**6. Reconciliation of Cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	Year ended 30 June 2016	Year ended 30 June 2015
Cash and cash equivalents	20,304,671	54,061,080
Cash and cash equivalents classified as held for sale (note 5)	3,755,198	-
<b>Cash and cash equivalents as shown in the Statement of Cash Flows</b>	<b>24,059,869</b>	<b>54,061,080</b>

**7. Dividend/Distributions**

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend - 2015	1 cent	Nil
Interim Dividends - 2016	0.5 cents	Nil
Final Dividend - 2016	0.3 cents	Nil
Record date for determining entitlement to dividends		7 September 2016

**8. Net Tangible Assets per Share**

NTA backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	56.2 cents	76.8 cents

**9. Changes in Control of Entities**

Name of Entity	Date of Gain of Control	Contribution to FY2016 Profits	Profit/(Loss) from Prior Period
VivoPower International PLC and controlled entities <sup>1</sup>	1 February 2016	(1,620,003)	Nil
VivoPower Pty Limited and controlled entities <sup>2</sup>	1 December 2015	(573,863)	(246,056)

<sup>1</sup> 100.00% held

<sup>2</sup> 61.48% held

**10. Details of Associates**

Name of Entity	% Holdings FY2016	% Holdings FY2015	Aggregate Share of Profits / (loss) FY2016	Aggregate Share of Profits / (loss) FY2015
Intueri Education Group Limited	24.88%	24.88%	(11,725,535)	1,974,790
VivoPower Pty Limited <sup>1</sup>	39.90%	39.90%	(406,535)	(246,056)

<sup>1</sup> For the period up to 1 December 2015

**Arowana International Limited & Controlled Entities (AWN)**  
**Notes to the Preliminary Consolidated Financial Report**  
**For the year ended 30 June 2016**

**11. Earnings per Share**

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period
From continuing and discontinued operations combined:		
Basic EPS	(19.53) cents	(4.04) cents
Diluted EPS	(19.53) cents	(4.04) cents
From continuing operations:		
Basic EPS	(19.36) cents	(6.97) cents
Diluted EPS	(19.36) cents	(6.97) cents
From discontinued operations:		
Basic EPS	(0.17) cents	2.93 cents
Diluted EPS	(0.17) cents	2.93 cents

**12. Segment Reporting**

*Identification of reportable operating segments*

The Group is organised into the Enterprise Office and two other segments – Operating Companies and Funds Management as defined below. These segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

*Types of services*

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

- Enterprise Office – is the designated investment and operations support entity and provides strategic, operational, financial, investment and human resources support to the operating entities within the group.
- Operating Companies – houses business units and underlying businesses that are or were wholly owned subsidiaries of the Group. The Operating Companies segment currently holds an equity-accounted non-controlling interest in Intueri Education Group Limited and the wholly-owned diagnostic testing company, Thermoscan Inspection Services Pty Ltd; and
- Funds Management – manages listed and unlisted funds that have either permanent capital or semi-permanent capital (defined as minimum 10 year life 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 Income Statement. The revenue from external customers is derived from provision of services through the operating companies associated with diagnostic testing.

*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.

Segment Reporting	Enterprise office (Australia)	Operating Companies (Australia)	Funds Management (Australia)	Total	Intersegment Eliminations	Consolidated
For the year ended 30 June 2016	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Sales to external customers	306,886	2,728,140	1,342,090	4,377,116		4,377,116
Intersegment sales	576,000	-	-	576,000	(576,000)	-
<b>Total sales revenue</b>	<b>882,886</b>	<b>2,728,140</b>	<b>1,342,090</b>	<b>4,953,116</b>		<b>4,377,116</b>
Interest revenue	914,443	9,975	51,789	976,207		976,207
Other income	115,700	-	120,000	235,700		235,700
<b>Total revenue</b>	<b>1,913,029</b>	<b>2,738,115</b>	<b>1,513,879</b>	<b>6,165,023</b>		<b>5,589,023</b>
<b>Segment result</b>	<b>2,709,150</b>	<b>(20,390,822)</b>	<b>(208,872)</b>	<b>(17,890,544)</b>		<b>(17,890,544)</b>
Depreciation and impairment	(356,249)	(13,558,422)	-	(13,914,671)		(13,914,671)
Finance costs	-	(8,138)	-	(8,138)		(8,138)
Profit/(loss) before income tax – continuing operations	2,352,901	(33,957,382)	(208,872)	(31,813,353)		(31,813,353)
Income tax benefit/(expense)	1,574,009	(82,233)	(372,869)	1,118,907		1,118,907
<b>Profit/(loss) after income tax – continuing operations</b>	<b>3,926,910</b>	<b>(34,039,615)</b>	<b>(581,741)</b>	<b>(30,694,446)</b>		<b>(30,694,446)</b>

Segment Reporting	Enterprise office (Australia)	Operating Companies (Australia)	Funds Management (Australia)	Total	Intersegment Eliminations	Consolidated
For the year ended 30 June 2015	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Sales to external customers	52,012	2,799,021	239,592	3,090,625		3,090,625
Intersegment sales	621,327	-	-	621,327	(621,327)	-
<b>Total sales revenue</b>	<b>673,339</b>	<b>2,799,021</b>	<b>239,592</b>	<b>3,711,952</b>		<b>3,090,625</b>
Interest revenue	1,613,215	5,704	59,160	1,678,079		1,678,079
Other income	1,178,996	-	-	1,178,996	(978,996)	200,000
<b>Total revenue</b>	<b>3,465,550</b>	<b>2,804,725</b>	<b>298,752</b>	<b>6,569,027</b>		<b>4,968,704</b>
<b>Segment result</b>	<b>(1,838,806)</b>	<b>2,851,088</b>	<b>(397,404)</b>	<b>614,878</b>	<b>(1,070,778)</b>	<b>(455,900)</b>
Depreciation and impairment	(28,453)	(17,486,573)	-	(17,515,027)		(17,515,027)
Finance costs	-	(14,584)	-	(14,584)		(14,584)
Profit/(loss) before income tax – continuing operations	(1,867,259)	(14,650,069)	(397,404)	(16,914,733)		(17,985,511)
Income tax benefit/(expense)	7,394,701	(224,757)	(239,307)	6,930,637		6,930,637
<b>Profit after income tax – continuing operations</b>	<b>5,527,442</b>	<b>(14,874,826)</b>	<b>(636,711)</b>	<b>(9,984,096)</b>		<b>(11,054,874)</b>

### **13. Subsequent Events**

On 1 July 2016 the Company made a new investment in its Operating Companies Division with the acquisition of 100% of Lynchpin Enterprises Property Pty Ltd, a registered training organization based in Brisbane, for an initial investment of \$2,000,000.

On 12 August the Company advised the ASX of its proposal for the partial sale of two of its subsidiaries, VivoPower International PLC and VivoPower Pty Limited. A shareholder booklet on this proposed transaction is being prepared and will be distributed to all shareholders as soon as practical and following approval by the ASX.

The Company declared an unfranked dividend of 0.3 cents per share on 30 August 2016. The dividend will be payable to shareholders of record on 7 September 2016 and will be paid on 29 September 2016.

### **14. Contingent Liabilities**

There were no contingent assets as at 30 June 2016.

Contingent liabilities not provided for in the financial statements of the Group as at 30 June 2016 comprised of the following:

- Bank guarantees of \$20,900 associated with various rental agreements
- Bank guarantee of \$75,000 towards business credit card facility



Tom Bloomfield  
Company Secretary  
31 August 2016