



AROWANA INTERNATIONAL

ASX ANNOUNCEMENT

29 September 2016

Company Announcements Office
ASX Limited
Exchange Centre
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FINANCIAL YEAR 2016 ANNUAL REPORT & RESULTS PRESENTATION

The Board of Arowana International Limited (ASX: AWN) is pleased to release its Annual Report and accompanying Results Presentation for the financial year ending 30 June 2016.

On behalf of the Board of AWN

Tom Bloomfield
Company Secretary

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Arowana International Limited and its Controlled Entities

ABN 83 103 472 751

Annual Report for the year ended 30 June 2016



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Arowana International Limited and its Controlled Entities

Chairman's & CEO's Letter

For the year ended 30 June 2016

Dear Fellow Shareholders,

10 September 2016: It is 28 degrees celsius and humid as I sit here in London writing this combined Chairman and CEO report. Weather patterns aside, I am reflecting on how London has changed since exactly 10 years ago when I spent several months living here fixing the UK operations of an Australian headquartered global software company called RuleBurst Haley Limited ("RuleBurst"). As the CFOO (Chief Financial and Operating Officer), I was in town to fix broken systems, processes and people, typical growing pains issues brought on by 18 months of 100%+ growth. I really disliked London in September 2006 – my experience of it was bad weather, terrible food, poor service standards and most frustratingly, a general "cannot do" mindset; I found recruitment particularly challenging. I longed to be back in Australia with its "can do mentality" in those days but had a job to do and was well motivated given my entire liquid net worth was invested in the company. Of course, for longstanding shareholders and investors in Arowana, they will know that RuleBurst had a happy ending and became, in 2008, the first enterprise software company headquartered in the Asia Pacific region to be acquired by Oracle Corporation. The transaction provided a platform for RuleBurst and its team to develop and grow even more (which it has done as part of Oracle) and it also delivered between 4x and 15x money multiples to shareholders (depending on where they invested in the capital spectrum). Originally called SoftLaw Limited, RuleBurst experienced accelerated growth as it morphed from a Canberra based business to a global software enterprise with offices and staff in the US, UK, Asia and Australia in only 4 years. RuleBurst was also very much the genesis for the establishment of Arowana.

Fast forward to 2016 and it is with more than a little irony that I find myself spending half my time in a city that I thought I would not do business again in 10 years ago! There has however been a significant change: London and surrounds now have a very strong service ethos, world class food and a deep pool of hardworking, well-educated talent from all over the world with a "can do" attitude operating in a business friendly environment. Furthermore, the cost of doing business in London is (rent aside) now on average lower than Australia (especially post Brexit). London is the headquarters for what has organically grown in 2 years to become Arowana International's ("AWN") largest investment and enterprise, namely our solar power arm, VivoPower International PLC ("VivoPower"). Together with most of the AWN team and the VivoPower leadership team, I have spent the majority of the last 2 years building a brand, board, leadership team, industry contacts and relationships, supplier and customer relationships, revenue pipeline, operating architecture and global platform for VivoPower. Pleasingly, VivoPower has moved into "scale up" phase and is experiencing accelerated growth with EBIT for the year ended 31 March 2017 on track to hit US\$17.6m (A\$23.5m) with a strong forward growth outlook fuelled by powerful tailwinds for the solar industry globally.

I wrote in AWN's November 2014 AGM presentation that it is easier than ever before to build a global business than a local business in today's hyper-connected cloud based and tech literate world, where ROIC and ROIT can be significantly enhanced. This has certainly been the case with VivoPower, where notwithstanding even faster growth and a global span of operations, it has actually been thus far net easier to build it compared to businesses we have built with Australian and/or NZ only operations or for that matter RuleBurst. In just over 2 years, we have built a business that has been valued by independent US fairness opinion advisers at between US\$160m and US\$200m; this is a greater ROIC and ROIT than what we have ever done before. This being said, a lesson learned from RuleBurst days is that it is difficult to try to build a global business where the centre of gravity is in Australia. This is why we decided to headquarter VivoPower in the UK to tap into a deeper talent pool with the right mindset, strong work ethic, technical skills and literacy as well as cultural connectivity to key global markets in the US, UK and Asia. No doubt, VivoPower will continue to experience growing pains just like any other fast growing enterprise but we have the experience in terms of what to do and importantly the AWN team will continue to work closely with the VivoPower team to help navigate such challenges. In the near term, our priority is obviously to ensure VivoPower has a successful NASDAQ listing.

Speaking of challenges, we have been dismayed and very disappointed at what has transpired with Intueri Education ("Intueri"). AWN's escrow period expired on 31 December 2015 but we never had any intention to sell our residual 24.9% stake. In an ideal world, Intueri would be a \$3 stock not \$0.30, be paying increasing dividends to AWN and be expanding its vocational footprint across both students and courses. Unlike with VivoPower, AWN's engagement with Intueri post its IPO has been very limited and more than arm's length, as we have respected the strict legal position that the Intueri board had been advised to take with regard to its engagement with AWN. We are however pleased that the Intueri board has now invited AWN's sole

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Chairman's & CEO's Letter

For the year ended 30 June 2016

representative on the board to become an Executive Director (effective from July 2016) so as to help accelerate the execution of value accretive initiatives.

In terms of a recap of FY2016, the strategic execution goals set in last year's annual report were:

- Allocate our capital patiently and creatively for the Operating Companies arm;
- Manage our Operating Companies portfolio to deliver aggregate EBIT CAGR of 10-20%;
- Grow our pipeline of qualification investment opportunities to over \$200m aggregate EBIT;
- Build up our rolodex of potential investee company leaders (at CEO, CFO, COO, GM levels etc.);
- Expand our network of potential fund investors both domestically and internationally; and
- Increase AFM's FUM to minimum A\$200m (excluding internally seeded capital).

Of the above, we managed to achieve all of the above except increasing AFM's FUM to a minimum A\$200m of externally managed capital, where but for Brexit affecting our late June 2016 capital raising for AAVOF, we might have got there. With regards to the first three objectives, these have been fulfilled by concentrating our time and capital on growing VivoPower. Our investment pipeline remains buoyant, although we are being very targeted and focussed on solar and education and we have at this stage, removed food from our radar screen given overheated valuation expectations in the sector. We have however added back software given our track record and experience in the sector.

For FY2017, our strategic execution priorities are as follows:

- Complete NASDAQ listing of VivoPower (and potential dual listing on ASX subject to market dynamics);
- Further grow the development and asset ownership orbit for VivoPower;
- Rebuild vocational education division and assist in turning around Intueri (where possible);
- Manage our Operating Companies to deliver minimum aggregate organic EBIT CAGR of 10-20%;
- Increase AFM FUM to minimum A\$200m (excluding internally seeded capital); and
- Fast track coaching and development of our team to master and apply V.U.C.A. leadership (see below)

As we approach 2017, AWN is entering its 4th year as a listed company but Arowana & Co. will be celebrating its 10th year as an enterprise. Whilst this may feel like a significant milestone given what we have had to overcome over the years (including the Global Financial Crisis), I am conscious that a 10 year track record is really not that meaningful; it is when you get to 20+ years that it truly counts. I am also mindful that as we embark on our next 10 years, we cannot afford to think, invest and operate the same way we have done in the past. This is because the world we live in is more volatile, uncertain, complex and ambiguous (V.U.C.A) than ever before, amplified by the pace of technological disruption. We stand at the start of the robotics revolution and Redundancy at an enterprise and an individual level will happen faster than ever before. The V.U.C.A acronym was coined by US special forces and formed the basis for leadership development programmes that were particularly relevant in the non-linear chaotic battle fields of Iraq and Afghanistan characterised by insurgency warfare. I recently attended an event where Sam Zell, the US based septuagenarian multi billionaire REIT king (who is also known as the "grave dancer" given his penchant for distressed investing) expressed his view that today's world is more volatile than he has ever experienced. He also said there is more liquidity than ever before. When someone like Sam Zell who has done business successfully for over half a century expresses his views, I listen keenly! The challenge for the world is that this liquidity generally seeks out the same investments, being those that offer certainty (of capital value and income yield), simplicity, are not volatile and are of course, liquid. Of course, everyone else is looking for assets that provide certainty, simplicity, liquidity and lack of volatility and hence they become overpriced. For Arowana, the long term strategic implications are clear if we are to survive and thrive over the next decade:

- Build a cohort of V.U.C.A leaders who are not just comfortable operating in a V.U.C.A world but can thrive (and conversely, transition out those that fear volatility, uncertainty, complexity and ambiguity);
- Accelerate technology literacy, competency and application at all levels in the organisation (including not just more automation to enhance productivity but a paradigm shift in our enterprise architecture); and

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Chairman's & CEO's Letter

For the year ended 30 June 2016

- Continue to focus on investment opportunities that are misunderstood and mispriced (where we can operationally transform the investment profile and growth trajectory).

In closing, I would like to take this opportunity to thank the AWN team as they have worked especially hard over the past 12 months on VivoPower and on other investment and operations fronts. I would also again like to thank our fellow shareholders for their investment in AWN and for their patience. We will continue to work and fight hard to deliver value to them over the long term.

Yours sincerely



Kevin Chin
Executive Chairman and Chief Executive Officer

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Corporate Governance Statement

For the year ended 30 June 2016

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 2016 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://arowanainternational.com/wp-content/uploads/2016/08/AWN-Corp-Gov-Stmt-2016.pdf>

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Directors' Report

For the year ended 30 June 2016

Your Directors present their report on Arowana International Limited ("the Company", or "AWN") and its controlled entities (or the "Group") for the financial year ended 30 June 2016.

These financial statements are for the year ended 30 June 2016.

1. DIRECTORS

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

Name, qualification and independence status	Experience, qualification, special responsibilities and other directorships
Mr Kevin Tser Fah Chin Chairman and Chief Executive Officer	<p>Kevin is the founder of Arowana & Co., Arowana Partners Group and co-founder of Arowana Capital and was responsible for the recapitalisation of AWN in 2013. Kevin has extensive experience in "hands on" strategic and operational management, private equity, leveraged buyouts of public companies, mergers and acquisitions and capital raisings.</p> <p>Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the University Co-Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australia) where he also lectured for the FINSIA Masters Degree course, Advanced Industrial Equity Analysis. Kevin is a qualified Chartered Accountant.</p> <p>Kevin assumed the role of Executive Chairman in February 2015.</p> <p>Other current listed company directorships are:</p> <p>Arowana Australasian Value Opportunities Fund Limited</p> <p>Arowana Inc.</p> <p>Former directorships of listed companies in the last 3 years: None</p>
Hon. John Moore Non-Executive Director	<p>John was the former Federal Minister for Industry, Science and Tourism in 1996 and held that portfolio until 1998. In 1998, John assumed the role of Federal Minister of Defence and held that portfolio until his retirement from politics in 2001.</p> <p>John holds a Bachelor of Commerce and Associate in Accountancy from the University of Queensland.</p> <p>Chairman of the Audit and Risk Committee and Member of Nomination and Remuneration Committee</p> <p>Director since November 2012</p> <p>Other current listed company directorships are:</p> <p>Herencia Resources Limited</p> <p>Former directorships of listed companies in the last 3 years: None</p>

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Directors' Report

For the year ended 30 June 2016

Name, qualification and independence status	Experience, qualification, special responsibilities and other directorships
Robert John McKelvey Non-Executive Director	<p>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.</p> <p>Director since February 2015</p> <p>Other current listed company directorships are: None</p> <p>Former directorships of listed companies in the last 3 years: None</p>
Anthony Paul Kinnear Non-Executive Director Appointed: November 2015	<p>Tony was appointed in November 2015 and has over 25 years of leadership experience with both private, high growth technology start-ups and large multinationals in Australia and throughout Asia. In his current role, he serves as Managing Director of Thomson Reuters for the ASEAN and North Asian regions, covering 14 geographies. Prior to this he has been CEO of four information and technology businesses, two of which he took to IPO. Tony brings a unique, real-world command of software and technology, research and big data as well as extensive fund raising, acquisition and operating experience. Tony holds a Bachelor of Arts with Honours and a Bachelor of Laws from the University of Sydney.</p> <p>Director since November 2015.</p> <p>Other current listed company directorships are: None</p> <p>Former directorships of listed companies in the last 3 years: None</p>

2. COMPANY SECRETARY

Name and qualification	Experience, qualification and special responsibilities
Mr Thomas Robert John Bloomfield Company Secretary Appointed: January 2012	<p>Thomas is an experienced Chartered Company Secretary and has acted for numerous ASX listed and unlisted companies. He has experience working with and consulting to a range of international and domestic clients. Thomas is currently General Manager of Corporate Secretarial Services at Boardroom Pty Limited.</p> <p>Company Secretary since January 2012.</p>

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Directors' Report

For the year ended 30 June 2016

3. DIRECTORS MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are as follows:

Director	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Anthony Kinnear *	3	3	N/A	N/A	N/A	N/A
Mr Kevin Chin	7	7	N/A	N/A	N/A	N/A
Mr John Moore	7	7	2	2	1	1
Mr Rob McKelvey	7	7	2	2	1	1

* appointed 19 November 2015

4. PRINCIPAL ACTIVITIES

During the year ended 30 June 2016, the principal activities of the Group remained unchanged and related to the operation of three divisions – Operating Companies Division (currently incorporating interests in education, renewable energy and diagnostic testing; Funds Management Division and the Arowana Enterprise Office).

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

5. OPERATING RESULTS

The consolidated loss of the Group from overall operations for the year ended 30 June 2016, after tax was \$30,965,729 (2015: loss \$6,404,298).

6. DIVIDENDS PAID OR RECOMMENDED

The following dividends were paid during the year:

Dividend	⌘
Final ordinary dividend - 15 September 2015 of 1 cent per share (unfranked)	1,581,708
Interim ordinary dividend - 18 March 2016 of 0.5 cents per share (unfranked)	790,855
Total	2,372,563

A final dividend of 0.3 cents per share (unfranked) has been declared and is payable on 29 September 2016.

7. REVIEW OF OPERATIONS

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

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Directors' Report

For the year ended 30 June 2016

8. FINANCIAL POSITION

The net assets of the Group have decreased from \$130.8 million as at 30 June 2015 to \$99.4 million as at 30 June 2016. The change in the financial position resulted largely from a fair value adjustment in the carrying value of the Company's remaining 24.88% investment in Intueri Education Group Limited (Intueri).

9. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

VivoPower

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. This expansion necessitated 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 and are reflected in the losses incurred for the year in addition to the impact of Intueri referred to at 8. above.

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 classified as 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 spinoff 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.

10. ENVIRONMENTAL ISSUES

The Group's operations are not subject to environmental regulations.

11. 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 other than as indicated below:

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 organisation based in Brisbane, for an initial investment of \$2,000,000.

On 12 August 2016 the Company advised the ASX of its proposal for the partial spinoff 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 31 August 2016. The dividend will be payable to shareholders of record on 7 September 2016 and will be paid on 29 September 2016.

12. LIKELY DEVELOPMENTS

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

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Directors' Report

For the year ended 30 June 2016

13. DIRECTORS INTERESTS

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 the date of this report is as follows:

Directors	Ordinary shares
Mr Kevin Chin	14,430,000
Mr John Moore	1,400,000
Mr Robert McKelvey	0
Mr Anthony Kinnear	482,219

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

14. PROCEEDINGS ON BEHALF OF 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.

15. OPTIONS

There were no options outstanding as at the date of this Report.

16. 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 Mr John Moore AO and members are Mr Rob McKelvey and Mr Conor Byrne.

Remuneration Objectives

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

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Directors' Report

For the year ended 30 June 2016

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 executives’ compensation is also reviewed on promotion.

Performance linked compensation

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 the year, 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.

Service Contracts

Kevin Chin – Chief Executive Officer

Mr Kevin Chin, in the role as Chief Executive Officer (CEO) has a contract of employment executed on 2 July 2013 with the company. The contract specifies the duties and obligations to be fulfilled in the role of CEO. The contract provides for a 6 month notice period for termination and base remuneration of \$30,000 per year.

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Gary Hui – Chief Investment Officer

Mr Gary Hui, in the role as Chief Investment Officer (CIO) has a contract of employment executed on 23 October 2014 with the company. The contract specifies the duties and obligations to be fulfilled in the role of CIO. The contract provides for a 3 month notice period for termination and remuneration arrangements as outlined in *Remuneration Objectives* above, for company executives.

Conor Byrne – Chief Financial and Operating Officer

Mr Conor Byrne, in the role as Chief Financial and Operating Officer (CFOO) has a contract of employment executed on 13 July 2015 with the company. The contract specifies the duties and obligations to be fulfilled in the role of CFOO. The contract provides for a 3 month notice period for termination and remuneration arrangements as outlined in *Remuneration Objectives* above, for company executives.

Share-based Compensation

No shares or options were granted to key management personnel as compensation during 2015. The value of shares issued under the LTVCP during 2016 to key management personnel is shown in the table on page 14.

Additional Information

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

	2016	2015
Share price at financial year end (cents per share)	45.00	68.00
Total dividends declared (cents per share)	0.80	3.00
Basic earnings per share (cents per share)	(19.46)	(4.04)

Non-Executive Directors

Aggregate Directors' base fees are presently up to \$120,000 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

Given the relative size of revenue and earnings contribution, there are no designated key management personnel for VivoPower and Thermoscan. Operating personnel within all operating divisions consult with and report into head office personnel on key business decisions.

A summary of the remuneration of key management personnel for the Group is set out below. Bonus remuneration includes allocations from the Long Term Value Creation Plan in October 2014.

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Directors' Report

For the year ended 30 June 2016

Remuneration Report		Salary, fees & leave(\$)	Short Term Benefits		Total	Long term benefits		Total (\$)	% of remuneration linked to performance
			Bonus (\$) *	Non-monetary benefits (\$)		Post-employment Superannuation benefits (\$)	Share-based payments (\$)		
Directors									
Non-executive directors									
Mr Anthony Kinnear (Appointed 19 November 2015)	2016	16,851	-	-	16,851	1,601	-	18,452	-
	2015	-	-	-	-	-	-	-	-
Mr John Moore	2016	27,397	-	-	27,397	2,603	-	30,000	-
	2015	27,397	-	-	27,397	2,603	-	30,000	-
Mr Robert McKelvey (Appointed 26 February 2015)	2016	27,397	-	-	27,397	2,603	-	30,000	-
	2015	9,361	-	-	9,361	889	-	10,250	-
Mr Malcolm Keefe (resigned 25 February 2015)	2016	-	-	-	-	-	-	-	-
	2015	58,002	-	-	58,002	-	-	58,002	-
Sub-total	2016	71,645	-	-	71,645	6,807	-	78,452	-
	2015	94,760	-	-	94,760	3,492	-	98,252	-
Executive directors									
Mr Kevin Chin, CEO	2016	30,000	50,000	-	80,000	-	43,349	123,349	75.7
	2015	30,000	547,300	-	577,300	-	-	577,300	94.8
Total directors' remuneration	2016	101,646	50,000	-	151,646	6,806	43,349	201,801	46.3
	2015	124,760	547,300	-	672,060	3,492	-	675,552	81.0
Other Key management personnel (KMP)									
Mr Kent Kwan , Executive Director - Operations (resigned 31 December 2014)	2016	-	-	-	-	-	-	-	-
	2015	101,656	-	-	101,656	9,657	-	111,313	-
Mr Craig McIntosh, Interim CFO (resigned 30 November 2014)	2016	-	-	-	-	-	-	-	-
	2015	40,078	-	-	40,078	-	-	40,078	-
Mr Conor Byrne, CFO (appointed 9 March 2015)	2016	200,913	29,000	-	229,913	19,087	11,822	260,822	11.1
	2015	82,323	-	-	82,323	-	-	82,323	-
Mr Glen Dobbie, Commercial Director (resigned 10 April 2015)	2016	-	-	-	-	-	-	-	-
	2015	196,392	120,000	21,428	337,820	13,520	-	351,340	34.2
Mr Gary Hui, Investment Director (appointed 16 November 2014)	2016	263,628	239,547	-	503,175	-	-	503,175	47.6
	2015	146,827	-	-	146,827	-	-	146,827	-
Total other KMP remuneration	2016	464,541	268,547	-	733,088	19,087	11,822	763,997	35.2
	2015	567,276	120,000	21,428	708,704	23,177	-	731,881	16.4
Total remuneration	2016	566,187	318,547	-	884,734	25,893	55,171	965,798	33.0
	2015	692,036	677,300	21,428	1,380,764	26,669	-	1,407,433	47.4

* includes allocation of LTVCP amount

Arowana International Limited and its Controlled Entities

Directors' Report

For the year ended 30 June 2016

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:

	Held at 1 July 2014	Purchases	Sales	Held at 30 June 2015
Mr Malcolm Keefe	1,262,500	-	(1,262,500)	-
Mr Kevin Tser Fah Chin	13,033,845	-	-	13,033,845
Mr John Moore	1,400,000	-	-	1,400,000
Mr Gary Hui	-	625,000	-	625,000
Mr Robert McKelvey	-	-	-	-
Mr Conor Byrne	-	-	-	-
Total	15,696,345	625,000	(1,262,500)	15,058,845

	Held at 1 July 2015	Purchases	Sales	Held at 30 June 2016
Mr Malcolm Keefe	-	-	-	-
Mr Kevin Tser Fah Chin	13,033,845	1,396,155	-	14,430,000
Mr John Moore	1,400,000	-	-	1,400,000
Mr Gary Hui	625,000	-	-	625,000
Mr Robert McKelvey	-	-	-	-
Mr Conor Byrne	-	50,000	-	50,000
Mr Anthony Kinnear	-	482,219	-	482,219
Total	15,058,845	1,928,374	-	16,987,219

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.

Arowana International Limited and its Controlled Entities

Directors' Report

For the year ended 30 June 2016

17. DIRECTORS' AND AUDITOR'S INDEMNIFICATION

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 \$75,770 (inclusive of GST). No amounts were paid to indemnify the auditors.

18. NON-AUDIT SERVICES

During the year network firms of PKF Hacketts 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 Hacketts Audit, and its network firms for audit and non-audit services provided during or in relation to the year are set out below:

Services other than audit and review of financial statements	
<i>Other Assurance services [PKF Hacketts Audit]:</i>	
Accounting and statutory disclosure advice	8,200
<i>Taxation services [PKF Tax Pty Ltd – Sydney]:</i>	
Taxation compliance	38,500
Tax advice in relation to GST matters	400
Tax advice on subsidiary	1,000
Total paid to PKF Hacketts Audit and its network firms	48,100

19. LEAD AUDITORS INDEPENDENCE DECLARATION

The Lead Auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the year ended 30 June 2016.

Signed in accordance with a resolution of the Board of Directors.



Kevin Chin
Executive Chairman and Chief Executive Officer
Brisbane
27 September 2016

**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 year ended 30 June 2016, 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.

PKF Hacketts

PKF HACKETTS AUDIT



**Shaun Lindemann
Partner**

Brisbane, 27 September 2016

Arowana International Limited and its Controlled Entities

Consolidated Statement of profit or loss

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
Continuing operations			
Revenue – rendering of services		4,377,116	3,090,625
Interest income		976,207	1,678,079
Total revenue		5,353,323	4,768,704
Other income	3	235,700	200,000
Cost of sales		(7,405)	(1,186)
Employee costs		(5,838,639)	(3,508,911)
Long Term Value Creation Plan expense	12	(76,451)	(1,000,000)
Occupancy costs		(411,044)	(509,069)
Director 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 of other financial assets	11(d)	(322,009)	-
Provision for impairment of equity accounted investment	11(c)	(13,411,716)	(17,356,877)
Administration Costs		(3,832,234)	(1,411,311)
Share of net profit of associates accounted for using the equity method	11(c)	(11,725,535)	1,974,790
Loss before income tax	4	(31,813,353)	(17,985,510)
Income tax benefit/(expense)	7(b)	1,118,907	6,930,637
Net loss from continuing operations		(30,694,446)	(11,054,873)
Discontinued operations			
Profit/(loss) from discontinued operations after tax	5	(271,283)	4,650,575
Loss for the year		(30,965,729)	(6,404,298)
Profit/(loss) attributable to:			
Non-controlling interest		(80,233)	913
Parent interest (Arowana International Limited)		(30,885,496)	(6,405,211)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	27	(19.53)	(4.04)
Diluted earnings per share (cents)	27	(19.53)	(4.04)
From continuing operations:			
Basic earnings per share (cents)	27	(19.36)	(6.97)
Diluted earnings per share (cents)	27	(19.36)	(6.97)
From discontinued operations:			
Basic earnings/(loss) per share (cents)	27	(0.17)	2.93
Diluted earnings per share (cents)	27	(0.17)	2.93

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

Arowana International Limited and its Controlled Entities

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Year ended 30 June 2016	Year ended 30 June 2015
Notes	\$	\$
Loss for the year	(30,965,729)	(6,404,298)
Other comprehensive income for the year		
Items that may be reclassified to profit and loss		
Exchange differences on translating foreign operations	(484,225)	(2,125,471)
Fair value adjustment – available for sale investment	310,411	3,966,337
Other comprehensive income for the year, net of tax	(173,814)	1,840,866
Total comprehensive income for the period, net of tax	(31,139,543)	(4,563,432)
Total comprehensive income attributable to		
◆ Arowana International Limited	(31,087,332)	(4,571,426)
◆ Non-controlling interests	(52,211)	7,994
	(31,139,543)	(4,563,432)

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

Arowana International Limited and its Controlled Entities

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	As at 30 June 2016 \$	As at 30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	20,304,671	54,061,080
Trade and other receivables	9	1,780,520	2,677,923
Other current assets	10	219,275	198,600
Assets classified as held-for-sale	5	50,465,456	-
Total current assets		72,769,922	56,937,603
Non-current assets			
Investment accounted for using the cost method	11(a)	-	6,266,831
Investment in available for sale financial assets	11(b)	7,560,082	7,116,638
Investments accounted for using the equity method	11(c)	8,629,822	37,333,502
Other financial assets	11(d)	3,492,010	14,622,606
Other non-current assets	12	497,350	41,800
Property, plant & equipment	13	328,631	457,072
Deferred tax asset	14	8,282,003	7,185,945
Intangible assets	15	2,201,040	2,201,040
Total non-current assets		30,990,938	75,225,434
Total assets		103,760,860	132,163,037
LIABILITIES			
Current liabilities			
Trade and other payables	16(a)	1,807,693	1,069,707
Current tax liabilities	17	66,933	26,994
Current provisions	18(a)	168,500	102,699
Interest bearing liabilities	19	45,818	58,743
Liabilities directly associated with assets classified as held-for-sale	5	2,202,269	-
Total current liabilities		4,291,213	1,258,143
Non-current liabilities			
Trade and other payables	16(b)	-	8,980
Non-current provisions	18(b)	33,894	24,276
Interest bearing liabilities	19	30,610	76,429
Total non-current liabilities		64,504	109,685
Total liabilities		4,355,717	1,367,828
Net assets		99,405,143	130,795,209
EQUITY			
Issued capital	21	59,948,004	59,504,436
Reserves	22	(12,695,607)	(12,570,222)
Retained earnings	23	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
Total equity		99,405,143	130,795,209

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

Arowana International Limited and its Controlled Entities

Consolidated 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 \$
As at 1 July 2014	61,401,416	(11,754,685)	-	254,356	91,827,668	141,728,755	-	141,728,755
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)
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)
As at 30 June 2015	59,504,436	(7,795,429)	(2,600,374)	(2,174,419)	82,562,345	129,496,559	1,298,650	130,795,209
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)							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)
As at 30 June 2016	59,948,004	(7,433,818)	(2,600,374)	(2,661,415)	49,304,286	96,556,683	2,848,460	99,405,143

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

Arowana International Limited and its Controlled Entities

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
Cash flows from operating activities			
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
Net cash inflow/(outflow) from operating activities	24	(7,588,474)	(19,641,236)
Cash flows from investing activities			
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 paid for solar project development		(17,660,534)	-
Net cash acquired on business acquisition	11(c)	630,881	-
Net cash inflow on disposal of a subsidiary/substantial interest in a subsidiary	5	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
Net cash inflow from investing activities		(20,529,386)	(16,371,043)
Cash flows from financing activities			
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)
Net cash inflow/(outflow) from financing activities		(1,589,306)	(6,482,118)
Net increase in cash and cash equivalents		(29,707,166)	(42,494,397)
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
Cash and cash equivalents at the end of the year	8, 24(a)	24,059,869	54,061,080
Non-cash financing activity			
Issue of LTVCP preference shares by way of loan		451,050	-

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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

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 34.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

This 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 were authorised for issue by the Board of Directors on 27 September 2016.

(b) 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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

- 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 other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

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

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

(c) 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 Income Statement.

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

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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(d) 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, 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.

(e) Revenue recognition

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

(i) Provision of services

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

- servicing fees included in the price of products sold are 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 is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(ii) Interest income

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

(f) 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.

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).

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are 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, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Income Statement 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 is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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

(h) 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 and 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.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to the Consolidated Income Statement and are not subsequently reversed.

(i) Impairment of non-financial assets

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

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a 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.

(j) 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.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(k) 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 Income Statement 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 Income Statement.

(l) Financial instruments and investment in associates

Financial instruments

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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(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 remeasurements 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.

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.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

Investments in Associates

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

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

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(m) 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 assets derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Income Statement 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 Income Statement.

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.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

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 Income Statement.

(n) 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.

(o) 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 Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

(p) 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.

(q) 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.

(r) 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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

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.

(s) 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.

(t) 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.

(u) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

(v) Comparative Figures

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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(w) 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.

(x) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- *AASB 9: Financial Instruments and associated Amending Standards* (applicable for annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective

Although the directors anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

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);
- 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 transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

This Standard is not expected to significantly impact the group's financial statements

(y) Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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 recorded at 30 June 2016 of \$2,201,040 relates solely to the diagnostic operating company, a cash-generating unit. The recoverable amount of this cash-generating unit has been 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 this 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.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

Impairment assessment – investments and other financial assets

The group has a number of investments and financial assets recorded at 30 June 2016, relating to Aveitas Group Limited, VivoPower Pty Ltd and controlled entities, and VivoPower International PLC ('United Kingdom') and controlled entities (refer to Note 5). These assets were classified as held for sale at 30 June 2016. The Directors believe these assets are recoverable on the basis of fair value less costs to sell, pursuant to a possible transaction outlined in Note 5 to the financial statements.

The group also recorded a number of other investments as follows:

- available for sale financial assets of investment in US listed company, Arowana Inc., valued at fair value of \$7,560,082 as at balance date based on quoted market price. The directors believe that this asset is recoverable on the basis of fair value less costs to sell. (refer to Note 11(b))
- equity accounted investment in NZ listed company, Intueri Education Group Ltd. At balance date, the Directors have assessed this investment for impairment under 'fair value less costs to sell method' and have recorded an impairment of \$13,411,716 to reduce the carrying value to its recoverable amount. The carrying value of this investment after providing for impairment was \$8,087,154 as at balance date. (refer to note 11(c))
- equity accounted investment in listed public company, Viento Group Limited. At balance date, the Directors have assessed this investment for impairment under 'value in use method' and believe that the carrying value of \$542,667 at balance date is recoverable. (refer to note 11(c))

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 net deferred tax asset of \$8,753,115, including deferred tax assets as part of the assets classified as held for sale of \$471,112, as at 30 June 2016. The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the deferred tax asset on, amongst other items, tax losses carried-forward. There are many uncertain factors that influence the amount of the tax losses carried-forward. The Group recognises deferred tax assets on tax losses carried-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the Consolidated Statement of Profit or Loss and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences as well. The Directors believe it is probable that the Group will generate sufficient future taxable profits to utilise the tax losses brought to account.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

3. Other Income

	Consolidated	
	2016	2015
	\$	\$
Commitment fee income	120,000	-
Other income	115,700	200,000
Total other revenue	235,700	200,000

4. Expenses

Profit before income tax includes the following specific expenses:	2016	2015
	\$	\$
Due diligence fees	1,493,872	42,224
Rent	411,044	509,069
Research expenses	410,336	352,449
Loss on disposal of fixed assets	-	20,196

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

5. Assets Held for Sale and Discontinued Operations

During the year, the Board committed to the partial spinoff of its shares in companies associated with solar projects, being VivoPower Pty Ltd and controlled entities, VivoPower International PLC and controlled entities, and Aveitas Group Ltd ('Aveitas').

As outlined in an announcement to the ASX on 12 August 2016, the group has progressed a significant transaction which is expected to complete before the half-year ended 31 December 2016.

It is expected that the group will realise the value of the above disposal group on completion of the transaction. The above assets were previously part of the 'Operating Companies' division (segment).

The disposal group consists of the following assets and liabilities as at 30 June 2016:

(a) Assets Held for sale

Held for Sale at 30 June 2016	Total \$
Current Assets	
Cash and cash equivalents	3,755,198
Trade Receivable	113,597
Prepayments	338,673
Sundry Debtors	3,997
Accrued income	2,721,911
Non-Current Assets	
Loans receivable	2,156,940
Intangible assets	1,102,522
Property Plant and Equipment	1,255,203
Promissory Notes receivable	15,978,125
Convertible Notes receivable	14,622,606
Investments accounted for using the cost method	6,266,831
Deferred tax asset	471,108
Goodwill on consolidation	1,678,745
	<hr/> 50,465,456
Current Liabilities	
Trade Creditors	607,506
Accrued expenses	247,891
Interest bearing liabilities	1,346,872
	<hr/> 2,202,269

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For the year ended 30 June 2016

(b) Financial Performance Information

The financial performance of the discontinued operation up to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of profit or loss, is as follows:

Discontinued operation for the year ended 30 June 2016:

	2016
VivoPower disposal group	\$
Revenue	1,801,723
Expenses	(2,536,323)
Profit before income tax	(734,600)
Income tax expense	463,317
Profit attributable to members of the parent entity	(271,283)
Profit on sale before income tax	-
Income tax benefit/(expense)	-
Profit on sale after income tax	-
Total profit after tax attributable to the discontinued operation	(271,283)

Discontinued operation for the year ended 30 June 2015:

	VivoPower	HRM	2015
HRM Asia and VivoPower disposal groups*	\$	\$	\$
Revenue	1,088,932	506,692	1,595,624
Expenses	(246,056)	(634,863)	(880,919)
Profit before income tax	842,876	(128,171)	714,705
Income tax expense	-	-	-
Profit attributable to members of the parent entity	842,876	(128,171)	714,705
Profit on sale before income tax**	-	3,935,870	3,935,870
Income tax benefit/(expense)	-	-	-
Profit on sale after income tax	-	3,935,870	3,935,870
Total profit after tax attributable to the discontinued operation	842,876	3,807,699	4,650,575

*As a result of the Board commitments to the partial spinoff of its interests associated with VivoPower, the comparative profit & loss figures for the companies related to the solar projects have also been reclassified to discontinued operations in accordance with Australian Accounting Standards.

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For the year ended 30 June 2016

** Divestment of HRM Asia Pte Ltd: Effective 1 October 2014, Arowana International Limited (“AWN”), via its 100% owned subsidiaries Arowana Australasian Holdings Limited (“AAHL”) and HRM Asia Holdings Pty Ltd (“HRMH”), disposed of 100% of its investment in HRM Asia Pte Ltd (“HRM Asia”).

	2015
Details of the sale:	\$
Consideration received or receivable:	
Cash	7,906,835
Receivable	878,537
Cost related to the sale	(929,281)
Net consideration	7,856,091
Cash	292,250
Current assets	624,441
Non-current assets	3,688,276
Current liabilities	(675,623)
Non-current liabilities	(9,123)
Net assets	3,920,221
Gain on sale before income tax	3,935,870

Cash flow reconciliation:	
Sale	8,785,372
Retention	(878,537)
Proceeds from sale	7,906,835
Cost paid related to the sale	(929,281)
Carrying amount of cash at the date of deconsolidation	(292,250)
Cash inflow/(outflow)	6,685,304

(c) Cash Flow Information

The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

Discontinued operation for the year ended 30 June 2016:

	2016
VivoPower disposal group	\$
Net cash inflow/(outflow) from operating activities	701,787
Net cash inflow/(outflow) from investing activities	(17,229,905)
Net cash inflow/(outflow) from financing activities	20,544,109
Net cash increase/(decrease) in cash generated by the discontinued operations	4,015,991

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For the year ended 30 June 2016

Discontinued operation for the year ended 30 June 2015:

	VivoPower	HRM	2015
HRM Asia and VivoPower disposal groups	\$	\$	\$
Net cash inflow/(outflow) from operating activities	-	(115,868)	(115,868)
Net cash inflow/(outflow) from investing activities	(20,889,437)	6,670,148	(14,219,289)
Net cash inflow/(outflow) from financing activities	-	(1,243,937)	(1,243,937)
Net cash increase/(decrease) in cash generated by the discontinued operations	(20,889,437)	5,310,343	(15,579,094)

6. Segment Reporting

Identification of reportable operating segments

The Group is organised into three Divisions - the Enterprise Office and the Operating Companies and Funds Management Divisions 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.

The Operating Companies segment currently comprises three separate divisions - being education, industrials (diagnostic testing) and renewable energy (solar power). During the year ended 30 June 2015, the Group divested of its previous interest in HRM Asia (training and events). During the year ended 30 June 2016, the Group increased its interest in VivoPower Australia Pty Limited to 61.5% which is now consolidated having previously accounted for its 39.9% interest under the equity method. On 1 February 2016 the Company established a 100% subsidiary, VivoPower International PLC in the UK and has continued its significant expansion and investment in these new enterprises in the solar energy sector, including VivoPower International PLC's subsidiaries in the USA as well as expansion of VivoPower Australia Pty Ltd and its subsidiaries in Asia. Both of these are further highlighted in Note 5 above and the segment information reported on the following pages does not include any amounts for these discontinued operations. As at 30 June 2016, the Group has included in this segment its operations from the wholly-owned diagnostic testing company, and also share of profit/loss derived from its equity accounted holdings relating to the Intueri Education Group (and income derived thereon) and any other asset balances related to operating divisions current or prior.

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.
- **Operating Companies** - houses business units and underlying businesses that are or were wholly owned subsidiaries of the Group; 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 education, diagnostic testing and training and events.

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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.

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Segment Reporting For the year ended 30 June 2016	Enterprise office (Australia) \$	Operating Companies (Australia) \$	Funds Management (Australia) \$	Total \$	Intersegment Eliminations \$	Consolidated \$
Revenue						
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)	-
Total sales revenue	882,886	2,728,140	1,342,090	4,953,116		4,377,116
Interest revenue	914,443	9,975	51,789	976,207		976,207
Other income	115,700	-	120,000	235,700		235,700
Total revenue	1,913,029	2,738,115	1,513,879	6,165,023		5,589,023
Segment result						
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 expense/(benefit)	(1,574,009)	82,233	372,869	(1,118,907)		(1,118,907)
Profit after income tax – continuing operations	3,926,910	(34,039,615)	(581,741)	(30,694,446)		(30,694,446)
Segment Assets						
Operating assets	91,588,381	17,013,227	13,613,980	122,215,588		
Held-for-sale	20,068,864	25,835,078	24,630,378	70,534,320		
Reportable segment assets	111,657,245	42,848,305	38,244,358	192,749,908	(88,989,049)	103,760,859
Segment Liabilities						
Operating liabilities	8,983,992	185,359	1,637,897	10,807,248		
Held-for-sale	-	23,818,837	-	23,818,837		
Reportable segment liabilities	8,983,992	24,004,196	1,637,897	34,626,085	(30,270,369)	4,355,716

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For the year ended 30 June 2016

Segment Reporting For the year ended 30 June 2015	Enterprise office (Australia) \$	Operating Companies (Australia) \$	Funds Management (Australia) \$	Total \$	Intersegment Eliminations \$	Consolidated \$
Revenue						
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)	-
Total sales revenue	673,339	2,799,021	239,592	3,711,952		3,090,625
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
Total revenue	3,465,550	2,804,725	298,752	6,569,027		4,968,704
Segment result						
	(1,838,806)	2,851,088	(397,404)	614,878	(1,070,778)	(455,900)
Depreciation and impairment	(28,454)	(17,486,573)	-	(17,515,027)		(17,515,027)
Finance costs	-	(14,584)	-	(14,584)		(14,584)
Profit/(loss) before income tax – continuing operations	(1,867,260)	(14,650,069)	(397,404)	(16,914,733)		(17,985,511)
Income tax expense/(benefit)	(7,394,701)	224,757	239,307	(6,930,637)		(6,930,637)
Profit after income tax – continuing operations	5,527,441	(14,874,826)	(636,711)	(9,984,096)		(11,054,874)
Segment Assets						
Reportable segment assets	100,558,408	143,797,331	32,264,233	276,619,972	(144,456,935)	132,163,037
Segment Liabilities						
Reportable segment liabilities	97,458,233	562,442	105,829	98,120,603	(96,752,774)	1,367,829

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For the year ended 30 June 2016

7. Income tax expense/(benefit)

	Consolidated	
	2016	2015
	\$	\$
(a) Income tax expense/(benefit)		
Current tax	1,462	50,582
Deferred tax	(1,627,754)	(381,850)
Under/(Over) provision in respect of prior years' *	44,068	(6,599,369)
	<u>(1,582,224)</u>	<u>(6,930,637)</u>
* The Group obtained external advice on the deductibility of a significant prior year expense		
(b) Income tax benefit is attributable to:		
Profit from continuing operations	(1,118,907)	(6,930,637)
Profit from discontinued operations	(463,317)	-
	<u>(1,582,224)</u>	<u>(6,930,637)</u>
(c) Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	1,632,628	907,279
(Decrease)/increase in deferred tax liabilities	(4,874)	(525,429)
	<u>1,627,754</u>	<u>381,850</u>
(d) Numerical reconciliation of income tax expense to prima facie tax payable:		
(Loss)/Profit from continuing operations before income tax	(31,813,353)	(17,142,634)
Profit from discontinued operations before income tax	(734,600)	3,807,699
	<u>(32,547,953)</u>	<u>(13,334,935)</u>
Income tax (benefit)/expense calculated at statutory rates of 30%	(9,764,386)	(4,000,480)
Add tax effect of:		
Non-deductible expenses	8,138,094	5,403,959
Non-deductible loss arising on discontinued operation	-	38,451
Less tax effect of:		
Non-assessable gain on disposal of HRM Asia Pte Ltd	-	(1,180,761)
Other allowable items	-	(592,437)
Under/(over) provision for income tax in prior year *	44,068	(6,599,369)
Income tax (benefit)	<u>(1,582,224)</u>	<u>(6,930,637)</u>
Effective tax rate **)	4.86%	51.97%
* as per (a) above		
** significant decrease in the effective tax rate was due to one off significant deductibility in prior year.		
Franking credit balance at the end of the year	297,722	73,143

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

8. Cash and cash equivalents

	Consolidated	
	2016	2015
	\$	\$
Cash at bank and on hand	20,304,671	54,061,080

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:

Cash and cash equivalents, Statement of Financial Position	20,304,671	54,061,080
Classified as held for sale (note 5(a))	3,755,198	-
Cash and cash equivalents, Statement of Cash Flows	24,059,869	54,061,080

9. Trade and other receivables

Trade debtors	1,636,643	605,257
Accrued interest	77,522	1,177,542
Other accrued income	56,467	3,637
Retention receivable from sale of HRM Asia	-	875,536
Sundry debtors	9,888	12,951
	1,780,520	2,677,923

Most of the trade debtors have been outstanding for less than 60 days.

10. Other current assets

Prepayments	143,991	122,749
Inventory	284	851
Other receivables	75,000	75,000
	219,275	198,600

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11. Investments

(a) Investments accounted for using cost method:

During the prior year, the company through its controlled entity, the Arowana Australasian Special Situations Fund (AASSF) acquired 2,000,000 redeemable preference shares in an unlisted public company Aveitas Group Limited (Aveitas) at \$3.00 per share totalling \$6,266,831 (including capitalised interest). As at 30 June 2016, this balance was reclassified as assets held-for-sale as part of the VivoPower disposal group.

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

	30 June 2016	30 June 2015
	\$	\$
Aveitas Group Limited	-	6,266,831

(b) Investment in available for sale financial assets:

During the prior year, the company through its wholly owned partnership, Arowana Australasian Special Situations Partnership 1, LP (AASSF) acquired 556,010 ordinary shares in a US listed company, Arowana Inc, with total cost of \$1,450,442. As at 30 June 2016 and 2015, the fair value of the investment was \$7,560,082 and \$7,116,638, respectively.

Movement of investment in available for sale financial assets during the year is as follows:

	30 June 2016	30 June 2015
	\$	\$
Opening balance, 1 July	7,116,638	-
311,250 shares purchased on 14 January 2015	-	1,134,265
244,760 shares purchased on 27 April 2015	-	316,177
Fair value adjustment	443,444	5,666,196
Ending balance – at fair value	7,560,082	7,116,638

(c) Investment accounted for using equity method:

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

	30 June 2016	30 June 2015
	\$	\$
Intueri Education Group (NZ)	8,087,154	35,085,808
VivoPower Pty Limited*	-	2,247,694
Viento Group Limited	542,667	-
	8,629,821	37,333,502

* VivoPower Pty Limited and its controlled entities, became a consolidated subsidiary of the Group during the period as outlined in the ownership details table below.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

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

Associate	Principal activities	Percentage interest	
		30 June 2016 %	30 June 2015 %
Intueri Education Group Limited	Provision of education services	24.9	24.9
VivoPower Pty Limited*	Solar power provider	61.5	39.9
Viento Group Limited	Investment holding company	31.8	-

* In December 2015, the Company increased its ownership in VivoPower Pty Ltd to 61.5% and VivoPower Pty Ltd has become part of the Group since then. Refer further detail for the business combination below ***.

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

	Intueri Education Group (NZ)	Viento Group Limited	VivoPower Pty Limited	Total
Opening balance, 1 July 2014	54,491,286	-	-	54,491,286
Acquisition on 1 August 2015	-	-	1,246,875	1,246,875
Acquisition on 1 November 2015	-	-	1,246,875	1,246,875
Share of profit (loss) of associated entities	1,974,790	-	(246,056)	1,728,734
Share of other comprehensive income of associated entities	213,387	-	-	213,387
Dividend received from associated entities	(1,848,972)	-	-	(1,848,972)
Provision for Impairment	(17,356,877)	-	-	(17,356,877)
Impact of foreign exchange translation	(2,387,806)	-	-	(2,387,806)
Ending balance at 30 June 2015	35,085,808	-	2,247,694	37,333,502
Opening balance, 1 July 2015	35,085,808	-	2,247,694	37,333,502
Acquisition on 30 June 2016*	-	542,667	-	542,667
Share of profit (loss) of associated entities	(11,725,535)	-	(415,793)	(12,141,328)
Share of other comprehensive income of associated entities	(143,294)	-	9,258	(134,036)
Dividend received from associated entities	(1,338,785)	-	-	(1,338,785)
Provision for impairment	(13,411,716)	-	-	(13,411,716)
Impact of foreign exchange translation	(379,323)	-	-	(379,323)
Reclassification into consolidation***	-	-	(1,841,159)	(1,841,159)
Ending balance at 30 June 2016	8,087,155	542,667	-	8,629,822

* On 30 June 2016, pursuant to a recapitalisation proposal approved by shareholders of Viento Group Limited (Viento) the Group acquired control of Viento and effectuated the Deed of Company Arrangement previously entered into by the company. Following the recapitalisation it is expected that the company will pursue business operations of the kind and size required for the company to become reinstated to the Official List of the ASX.

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For the year ended 30 June 2016

** The share of profit/(loss) relating to VivoPower is shown for the period until the Group obtained further share ownership and 'control' of VivoPower on 1 December 2015.

*** Business Combination Achieved in Stages

In December 2015, the Company, through its newly established wholly owned subsidiary, Arowana Energy Holdings Pty Ltd ('AEN'), acquired 2,421,716 new shares issued at \$0.65 per share by VivoPower Pty Ltd ('VVP') with total consideration of \$1,583,082. At the same time, AEN also acquired 260,000 shares at \$0.65 per share from Arowana Partners Group ('APG'), a related party outside the consolidated group, for a total consideration of \$170,000 (which was the cost price for APG). These transactions have increased the Company's ownership of VVP to 61.45%. Prior to this acquisition, the Company's investment in VVP of 39.9% was accounted for under the equity method and since 1 December 2015, VVP is part of the consolidated group. This business combination achieved in stages has given rise to goodwill of \$1.63 million.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Pre-acquisition carrying amounts	Fair value adjustment	Recognised values on acquisition
Cash and cash equivalents	2,384,683	-	2,384,683
Trade and other receivables	144,896	-	144,896
Other current assets	34,694	-	34,694
Property, plant and equipment	794,553	-	794,553
Deferred tax asset	6,508	-	6,508
Investment	1,348	-	1,348
Related party loans	643,221	-	643,221
Other non-current assets	46,278	-	46,278
Trade and other payables	(81,278)	-	(81,278)
Accrued expenses	(18,667)	-	(18,667)
Borrowing	(838,000)	-	(838,000)
Net identifiable assets and liabilities	3,118,236	-	3,118,236
Fair value of 61.45% net assets acquired			1,916,156
Consideration paid:			
Fair value of the previously held investment			1,841,159
Cash consideration for 2,421,716 new shares			1,583,802
Cash consideration for 260,000 shares acquired from APG			170,000
Total consideration			3,594,961
Goodwill on acquisition			1,678,805
Cash acquired			2,384,683
Less consideration paid			(1,753,802)
Net cash inflow			630,881

The acquired business contributed revenues of \$181,519 and net loss of \$167,328 to the group during the period since the acquisition date to 30 June 2016.

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For the year ended 30 June 2016

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

30 June 2016	Intueri Education Group (NZ)	VivoPower Pty Limited *
Share of assets and liabilities:		
Current assets	7,326,046	-
Non-current assets	16,760,397	-
Total assets	24,086,443	-
Current liabilities	8,455,995	-
Non-current liabilities	16,154,974	-
Total liabilities	24,610,969	-
Net assets	(524,526)	-
Share of profit & loss and other comprehensive income		
Revenue	22,717,378	6,541
Expenses	34,442,914	422,334
Net profit	(11,725,536)	(415,793)
Other comprehensive income	(143,294)	9,258
Total comprehensive income	(11,868,830)	(406,535)

* As outlined above, VivoPower has become part of the consolidated Group since December 2015 and therefore as at 30 June 2016, all the assets and liabilities of VivoPower have formed part of the consolidated Group. The share of profit/(loss) relating to VivoPower is shown for the period until the Group obtained further share ownership and 'control' of VivoPower in December 2015.

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For the year ended 30 June 2016

30 June 2015	Intueri Education Group (NZ)	VivoPower Pty Limited
Share of assets and liabilities:		
Current assets	6,279,644	1,066,986
Non-current assets	25,622,425	24,522
Total assets	31,902,069	1,091,508
Current liabilities	12,181,516	72,652
Non-current liabilities	7,362,115	81
Total liabilities	19,543,631	72,733
Net assets	12,358,438	1,018,775
Share of profit & loss and other comprehensive income		
Revenue	19,915,116	133,747
Expenses	17,940,326	379,803
Net profit	1,974,790	(246,056)
Other comprehensive income	213,387	-
Total comprehensive income	2,188,177	(246,056)

(d) **Other financial assets.**

As at 30 June, the Group had the following other financial assets:

	30 June 2016	30 June 2015
	\$	\$
Convertible Notes - Aveitas Group Limited*	-	14,622,606
Convertible Notes – Evolution Road Maintenance Group Ltd**	3,000,000	-
Other receivables - Principal Solar Inc.***	322,010	-
Loan Receivable – Arowana Global Services, Singapore	170,000	-
	3,492,010	14,622,606

* During the prior year, the company through its controlled entity, the AASSF acquired 2,000,000 unsecured convertible notes in an unlisted public company, Aveitas for \$7.00 per note totalling \$14,622,606 (including capitalised interest). These notes are first ranking (as Aveitas has no bank debt). The notes carry a coupon of 8.5% per annum for the period from issue date to 30 June 2015 and 11.4% per annum for all subsequent periods, with coupons being cumulative. The latest redemption date is 30 June 2018 with a redemption premium of 5% unless there is a Trigger Event which results in earlier redemption. As at 30 June 2016, the balance of \$14,622,606 has been reclassified as an asset held for sale as part of VivoPower disposal group.

**During the year, the company through its controlled entity, the AASSF acquired 3,000,000 unsecured convertible notes in an unlisted public company, Evolution Road Maintenance Group Limited (ERMG) for \$1.00 per note totalling

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\$3,000,000. The notes have a five year term (April 2021) and carry a coupon of 8% per annum, with coupons being cumulative.

*** During the year, an impairment provision of \$322,009 has been recognised to reduce the carrying value of this receivable to its expected recoverable amount.

12. Other non-current assets

As at 30 June, the Group had the following other non-current assets:

	30 June 2016	30 June 2015
	\$	\$
LTVCP loans *	451,050	-
Security deposit	46,300	41,800
	<u>497,350</u>	<u>41,800</u>

* 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 Share issued during the year ended 30 June 2016 totalled \$451,050 (2015: Nil). (Note 21).

Loans outstanding at 30 June 2016 totalled \$451,050 (2015: Nil).

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 year ended 30 June 2016 was \$76,451 (2015: \$1,000,000 recognised under the previous LTVCP scheme as an early payment trigger event in respect of the disposal of HRM Asia and paid as a cash bonus).

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.

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For the year ended 30 June 2016

13. Property, plant and equipment

	Consolidated	
	2016	2015
	\$	\$
<i>Plant & equipment</i>		
Cost	47,441	58,897
Less: Accumulated depreciation	(18,637)	(48,659)
WDV	28,804	10,238
<i>Leased assets</i>		
Cost	442,936	442,936
Less: Accumulated depreciation	(274,084)	(176,954)
WDV	168,852	265,982
<i>Computer equipment</i>		
Cost	158,388	203,422
Less: Accumulated depreciation	(91,688)	(99,128)
WDV	66,700	104,294
<i>Furniture & fixtures</i>		
Cost	98,260	98,260
Less: Accumulated depreciation	(33,985)	(21,702)
WDV	64,275	76,558
Total		
Cost	747,025	803,515
Less: Accumulated depreciation	(418,394)	(346,443)
WDV	328,631	457,072

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Consolidated	Plant & equipment \$	Leased assets \$	Computer equipment \$	Furniture & fixtures \$	Total \$
Year ended 30 June 2015					
Balance as at 1 July 2014	68,739	340,776	142,681	90,371	642,567
Additions – via acquisitions (WDV)	-	-	-	-	-
Additions	2,606	-	83,995	-	86,601
Reclassification	-	-	-	-	-
Depreciation charge	(29,496)	(60,862)	(54,677)	(13,115)	(158,150)
Disposals	(19,218)	(13,932)	-	-	(33,150)
Business disposals	(13,086)	-	(66,575)	(738)	(80,399)
Foreign exchange movement	693	-	(1,130)	40	(397)
Balance as at 30 June 2015	10,238	265,982	104,294	76,558	457,072
Year ended 30 June 2016					
Balance as at 1 July 2015	10,238	265,982	104,294	76,558	457,072
Additions – via acquisitions (WDV)	-	-	-	-	-
Additions	34,570	-	25,468	-	60,038
Reclassification	-	-	-	-	-
Depreciation charge	(12,379)	(97,130)	(59,154)	(12,283)	(180,946)
Disposals	(3,625)	-	(3,908)	-	(7,533)
Business disposals	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-
Balance as at 30 June 2016	28,804	168,852	66,700	64,275	328,631

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14. Deferred Tax

	2016	2015
Deferred tax assets reconciliation:	\$	\$
Deferred tax assets (a)	11,117,740	9,411,231
Less deferred tax assets recorded as part of assets classified as held for sale	(471,108)	-
Deferred tax assets	10,646,629	9,411,231
Deferred tax liabilities (b)	2,364,625	2,225,286
Deferred tax assets – net per the statement of financial position	8,282,004	7,185,945

(a) Deferred Tax Assets

	Consolidated	
	2016	2015
	\$	\$
Deferred tax assets	11,117,740	9,411,231
Deferred tax assets comprises the following:		
Capital raising costs	550,385	314,966
Fixed assets	5,389	-
Other timing differences on expenses	553,250	106,146
Tax losses	10,008,716	8,990,119
	11,117,740	9,411,231
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	9,411,231	1,913,225
(Charged)/ Credited to profit & loss	1,632,629	907,279
Under/(Over) provision in respect of prior year	73,880	6,590,727
Balance at end of the year	11,117,740	9,411,231

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

(b) Deferred Tax Liabilities

	Consolidated	
	2016	2015
	\$	\$
Deferred tax liability	2,364,625	2,225,286
Deferred tax liabilities comprises the following:		
Accrued interest income	838,970	353,263
Unrealised gain/(loss)	(307,236)	173,597
Fair value adjustment of available for sale financial assets	1,832,892	1,698,426
	2,364,625	2,225,286
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	2,225,286	8,642
(Over)/under provision in respect of prior year	-	(8,642)
Charged/(Credited) to profit & loss	4,874	525,429
Charged to equity directly through other comprehensive income	134,466	1,699,857
Balance at end of the year	2,364,625	2,225,286

15. Intangible Assets

	Goodwill	Other Intangible assets	Other	Total
	\$	\$	\$	\$
As at 30 June 2016				
Cost	2,201,040	-	-	2,201,040
Accumulated amortisation/impairment	-	-	-	-
Carrying value	2,201,040	-	-	2,201,040

	Goodwill	Other Intangible assets	Other	Total
	\$	\$	\$	\$
Movement for the year ended 30 June 2016				
Opening balance – carrying value	2,201,040	-	-	2,201,040
Addition from business combination – refer to Note 11(c)	1,678,745	-	-	1,678,745
Other additions	41,838	1,046,421	14,263	1,102,522
Reclassified as assets held for sale	(1,720,583)	(1,046,421)	(14,263)	(2,781,267)
Net book amount 30 June 2016	2,201,040	-	-	2,201,040

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Goodwill as at 30 June 2016 can be allocated to the various cash generating units as follows:

Cash generating unit	\$
Operating companies division – Thermoscan Inspection Services Pty Ltd	2,201,040
Total Goodwill	2,201,040

	Goodwill \$	Other Intangible assets \$	Other \$	Total \$
As at 30 June 2015				
Cost	2,201,040	13,873	-	2,214,913
Accumulated amortisation	-	(13,873)	-	(13,873)
Carrying value	2,201,040	-	-	2,201,040

	Goodwill	Other Intangible assets	Other	Total
Movement for year ended 30 June 2015				
Opening balance – carrying value	5,808,917	1,560	-	5,810,477
Amortisation expense	-	(1,560)	-	(1,560)
Disposal – HRM Asia	(3,607,877)	-	-	(3,607,877)
Net book amount	2,201,040	-	-	2,201,040

Goodwill as at 30 June 2015 can be allocated to the various cash generating units as follows:

Cash generating unit	\$
Operating companies division – Thermoscan Inspection Services Pty Ltd	2,201,040
Total Goodwill	2,201,040

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For the year ended 30 June 2016

16. Trade and Other Payables

	Consolidated	
	2016	2015
	\$	\$
(a) Current		
Trade creditors	293,618	255,330
Accrued expenses	1,355,093	189,127
GST payable	71,085	-
Long-Term Value Creation Plan payable *	-	542,700
Other payables	87,897	82,550
	<u>1,807,693</u>	<u>1,069,707</u>

* Full details of the former and revised LTVCP are set out in note 12. At 30 June 2015, \$542,700 of the \$1,000,000 awarded during the year then ended, remained unpaid and was settled after the balance date. At 30 June 2016 there was NIL payable under the LTVCP.

(b) Non-Current		
Loan with Arowana Partners Group Pty Limited	-	8,980

17. Income Tax Payable

	2016	2015
	\$	\$
Income tax payable	66,933	26,994
	<u>66,933</u>	<u>26,994</u>

18. Provisions

	2016	2015
	\$	\$
(a) Employee entitlements - current	168,500	102,699
(b) Employee entitlements - non-current	33,894	24,276
	<u>202,394</u>	<u>126,975</u>

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

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

19. Interest Bearing Liabilities

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

	Consolidated	
	2016 \$	2015 \$
Current		
Lease liabilities ^(a)	45,818	58,743
	<u>45,818</u>	<u>58,743</u>
Non-Current		
Lease liabilities ^(a)	30,610	76,429
	<u>30,610</u>	<u>76,429</u>
Total Interest Bearing Liabilities	<u>76,428</u>	<u>135,172</u>

(a) Lease liabilities are finance leases secured against assets financed at Thermoscan Inspection Services Pty Limited.

20. Financial instruments

Financial risk management

Overview

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.

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):

Arowana International Limited and its Controlled Entities

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For the year ended 30 June 2016

	Note	Carrying amount	
		2016 \$	2015 \$
Cash and cash equivalents	8	24,059,869	54,061,080
Trade and other receivables	9	1,898,114	2,677,923
Other financial assets		36,249,681	14,622,606
Total		62,207,664	71,361,609

Cash and cash equivalents

The 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.

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 2016					
Trade debtors	1,421,046	315,912	13,281	-	1,750,239
Trade creditors	(387,681)	-	-	-	(387,681)
Lease liability	(8,048)	(37,770)	(30,610)	-	(76,428)
Term loan	-	-	-	-	-
	1,025,317	278,142	(17,329)	-	1,286,130
As at 30 June 2015					
Trade debtors	446,022	159,225	-	-	605,247
Trade creditors	(255,320)	-	-	-	(255,320)
Lease liability	(11,260)	(47,484)	(76,429)	-	(135,172)
Term loan	-	-	-	-	-
	179,442	111,741	(76,429)	-	214,755

Arowana International Limited and its Controlled Entities

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For the year ended 30 June 2016

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 2016:

	GBP	USD
Assets	967,955	2,923,580
Liabilities	-	-
Net Assets	967,955	2,923,580
NPAT	-	-

The Group has GBP and USD bank accounts

Following deconsolidation of Intueri Education Group Limited ("IEGL") during 2014, the Group has exposure to NZD only indirectly as at 30 June 2016 and 2015, through its remaining interest of 24.9% (equity accounted) in IEGL.

The following significant exchange rates applied during the current year ended 30 June 2016

	Average rate	Reporting date spot rate
NZD/AUD	1.0908	1.0489
GBP/AUD	0.4914	0.5549
USD/AUD	0.7283	0.7426

Sensitivity analysis

Any change in the AUD against NZD, GBP and USD at 30 June 2016 would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit and 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	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2016				
AUD (5% movement)	-	-	(270,539)	299,017
AUD (10% movement)	-	-	(516,484)	631,259

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For the year ended 30 June 2016

Interest risk

All of the Group's borrowings are at a variable interest rate. Depending on market trends the Group may consider a policy to fix a portion of its 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	
	2016	2015
Variable rates instruments		
Financial assets	13,990,127	42,460,000
Financial liabilities	1,346,872	-
Net financial assets/(liabilities)	12,643,255	42,460,000

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 and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	2016	2015
Interest rate		
Increase by 100 basis points	126,433	424,600
Decrease by 100 basis points	(126,433)	(424,600)

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.

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

21. Contributed Equity

	Consolidated	
	2016 No.	2016 \$
Ordinary shares		
Balance at beginning of the year	158,170,799	59,504,436
LTVCP shares issued during the year (refer note 12)	-	451,050
Capital raising costs (net of taxes)	-	(7,482)
Total contributed equity	158,170,799	59,948,004

	2015	
	No.	\$
Balance at beginning of the year	163,159,830	61,401,416
Share issued during the year	-	-
Capital raising costs (net of taxes)	-	(4,613)
Shares bought back during the year		
- For cash on 29 July 2014	(4,962,894)	(1,882,453)
- For cash on 27 October 2014	(26,137)	(9,914)
Total contributed equity	158,170,799	59,504,436

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

22. Reserves

Equity reserve ^(a)		(11,754,685)	(11,754,685)
Market value reserve ^(b)		4,244,416	3,959,256
Share buyback reserve ^(c)		(2,600,374)	(2,600,374)
Foreign exchange reserve ^(d)		(2,661,415)	(2,174,419)
LTVCP reserve ^(e)	12	76,451	-
		(12,695,607)	(12,570,222)

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

(b) Market value reserve represent market value adjustments of Arowana Inc shares at balance date

(c) Share buyback reserve represents fair value adjustments of share bought back on the 29 July and 27 October 2014

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

(e) 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 2016 (see Note 12).

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

23. Retained Earnings

	Consolidated	
	2016	2015
	\$	\$
Opening retained earnings (losses)	82,562,345	91,827,668
Net profit for the year	(30,885,496)	(6,405,211)
Dividend paid	(2,372,563)	(3,163,416)
Transfer of Foreign currency translation reserve to Retained Earning relating to HRM disposal	-	303,304
Closing retained earnings	49,304,286	82,562,345

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Notes to Consolidated Financial Statements

For the year ended 30 June 2016

24. Cash Flow Information

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

	Consolidated	
	2016	2015
	\$	\$
Cash and cash equivalents - statement of financial position	20,304,671	54,061,080
Classified as held for sale (note 5(a))	3,755,198	-
Cash and cash equivalents - statement of cash flows	24,059,869	54,061,080

- b) Reconciliation of operating profit/(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:		
Operating loss from ordinary activities after income tax	(30,965,729)	(6,404,298)
Cash flows excluded from profit attributable to operating activities		
Add/(subtract) non-cash items:		
Impairment/Amortisation	13,733,725	17,356,877
Loss on sale of fixed assets	-	20,196
Depreciation	207,800	158,150
Profit on disposal of subsidiary	1,366	(3,935,870)
LGC fair value adjustments	(29,726)	-
Bad debts	1,818	34,311
Share of net profit of associates accounted for using the equity method	12,132,070	(1,728,734)
Accrued interest income	(1,638,538)	(1,177,541)
Foreign currency gains and losses	(55,720)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:		
Assets		
(Increase)/decrease in trade and other receivables	(1,300,943)	530,642
(Increase)/decrease in other current assets	(233,785)	(236,310)
(Increase)/decrease in deferred tax assets	(1,699,998)	(7,498,006)
Liabilities		
Increase/(decrease) in trade payables	1,643,467	(18,997,285)
Increase/(decrease) in deferred income	-	130,160
Increase/(decrease) in deferred tax liabilities	(97,199)	2,225,767
Increase/(decrease) in income tax payable	381,538	87,668
Increase/(decrease) in provisions	75,418	(64,079)
Increase/(decrease) in other payables	255,962	(142,884)
Net cash used in operating activities	(7,588,474)	(19,641,236)

Arowana International Limited and its Controlled Entities

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For the year ended 30 June 2016

25. Commitments and Contingencies

Commitments

Operating Lease

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	Consolidated	
	2016	2015
	\$	\$
Less than one year	246,362	219,058
Between one and five years	282,871	429,906
More than five years	-	-
Total	529,233	648,964

The Group leases a number of premises under operating leases. The leases can run from a rolling one month period to 9 years, with an option to renew the lease after the expiration date.

Finance Lease

At the end of the reporting period, the finance lease commitments are as follows:

	Consolidated	
	2016	2015
	\$	\$
Gross payments		
Less than one year	49,849	66,881
Between one and five years	31,953	81,802
More than five years	-	-
Total	81,802	148,683
Less: Unexpired interest	(5,373)	(13,511)
	76,429	135,172
As presented in liabilities (note 19)		
Current	45,819	58,743
Non-current	30,610	76,429
	76,429	135,172

The Group has a number of finance leases on motor vehicle and plant and equipment. The finance leases are generally for a period of 36 to 48 months.

Arowana International Limited and its Controlled Entities

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26. Capital Commitments

There were no capital commitments as at balance date.

27. Earnings Per Share

	Consolidated	
	2016	2015
	Cents	Cents
(a) Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the Company	(19.36)	(6.97)
From discontinued operations	(0.17)	2.93
Total basic earnings per share attributable to the ordinary equity holders of the company	(19.53)	(4.04)
(b) Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the Company	(19.36)	(6.97)
From discontinued operations	(0.17)	2.93
Total diluted earnings per share attributable to the ordinary equity holders of the company	(19.53)	(4.04)
(c) Reconciliation of earnings used in calculating earnings per share		
	\$	\$
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share:		
From continuing operations	(30,614,213)	(11,055,786)
From discontinued operations	(271,283)	4,650,575
	(30,885,496)	(6,405,211)
	Numbers	Numbers
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	158,170,799	158,560,179
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share	158,170,799	158,560,179

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

28. Contingent Assets and 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 \$50,000 towards business credit card facility

29. Related Party Transactions

Key Management Personnel Compensation

	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	884,734	1,380,764
Post-employment benefits	25,893	26,669
Other long term benefits	55,171	-
	965,798	1,407,433

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:

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Expense transactions

	Transaction	2016 \$	2015 \$
Director			
Inisfree Holdings Pty Limited ^(a)	Director fees	-	26,004
Inisfree Holdings Pty Limited ^(a)	Consulting fees	-	31,998
Inisfree Holdings Pty Limited ^(a)	Reimbursement of expenses	-	1,276
Mr John Moore	Director fees	30,000	30,000
Mr John Moore	Reimbursement of expenses	42	496
Mr Robert McKelvey	Director fees	30,000	10,250
Mr Robert McKelvey	Reimbursement of expenses	616	413
Mr Anthony Kinnear	Director fees	18,452	-
Key management person			
Hyams Beach Real Estate Pty Ltd ^(c)	Consulting fees	-	40,078
Coliemore Pty Limited ^(e)	Consulting fees	-	82,323
Mr Conor Byrne ^(e)	Reimbursement of expenses	6,064	1,895
Velox Consulting fees ^(f)	Consulting fees	263,628	-
Velox Consulting fees ^(f)	Rent	34,444	-
Mr Gary Hui ^(f)	Reimbursement of expenses	20,711	-
Other related parties			
Arowana Partners Group Pty Limited ^(b)	Director fees	30,000	30,000
Arowana Partners Group Pty Limited ^(b)	Research fees	150,000	171,500
Arowana Partners Group Pty Limited ^(b)	Reimbursement of expenses	392,748	127,893
Borneo Capital Pty Limited ^(b)	Rent	343,131	393,120
Borneo Capital Pty Limited ^(b)	Reimbursement of expenses	-	38,103
FX2School Pty Limited ^(b)	Reimbursement of expenses	-	3,124

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Revenue transactions

		2016	2015
		\$	\$
Transaction			
Other related parties			
Arowana Australasian Value Opportunities Fund Limited	Reimbursement of expenses	137,878	37,005
Arowana Capital Pty Limited ^(b)	Reimbursement of expenses	7,055	104,270
Arowana Group (Asia) Pte Ltd	Reimbursement of expenses	-	4,736
Arowana Partners Group Pty Limited ^(b)	Reimbursement of expenses	80,835	81,878
Arowana Inc	Reimbursement of expenses	164,767	-
Borneo Capital Pty Limited ^(b)	Reimbursement of expenses	4,376	7,919
FX2School Pty Ltd ^(b)	Reimbursement of expenses	10,188	4,160
Intueri Education Group Limited	Director fee	60,336	28,831
Intueri Education Group Limited	Reimbursement of expenses	9,337	3,260
K2 Horizon Pty Ltd ^(d)	Reimbursement of expenses	-	4,332
Luz Almond Company Pty Ltd ^(b)	Reimbursement of expenses	35,428	20,509
Ubiquity Power Maintenance Group ^(g)	Reimbursement of expenses	2,483	10,079
V.V.P.Holdings, Inc. ^(h)	Reimbursement of expenses	8,936	7,753
VivoPower Pty Ltd ⁽ⁱ⁾	Reimbursement of expenses	88,368	40,137
VivoPower Singapore Pte Ltd ⁽ⁱ⁾	Reimbursement of expenses	2,871	-
Viento Group Limited ^(k)	Reimbursement of expenses	2,200	-

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:

	2016	2015
	\$	\$
Arowana Partners Group Pty Limited ^(b)	161,950	78,685
Borneo Capital Pty Ltd ^(b)	12,545	-

Arowana International Limited and its Controlled Entities

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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:

	2016 \$	2015 \$
Arowana Australasian Value Opportunities Fund Limited	1,150	3,892
Arowana Capital Pty Limited ^(b)	-	618
Arowana Group (Asia) Pte Ltd		82
Arowana Inc	88,374	-
Arowana Partners Group Pty Limited ^(b)	4,900	4,924
Borneo Capital Pty Limited ^(b)	150	586
FX2School Pty Ltd ^(b)	9,160	610
Intueri Education Group Limited	726	19
Luz Almond Company Pty Ltd ^(b)	1,285	2,906
Ubiquity Power Maintenance Group ^(g)	1,029	308
V.V.P.Holdings, Inc. ^(h)	-	4,274
VivoPower Pty Ltd ⁽ⁱ⁾	-	282
Viento Group Limited ^(k)	2,200	-

(a) entity related to Mr. Malcolm Keefe (resigned as a Director on 26 February 2015)

(b) entity related to Mr. Kevin Chin

(c) entity related to Mr Craig McIntosh (resigned from KMP role on 30 November 2014)

(d) entity related to Mr Kent Kwan (resigned from KMP role on 31 December 2014)

(e) entity related to Mr Conor Byrne

(f) entity related to Mr Gary Hui

(g) entity AWN has investment in (Aveitas

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

(i) entity AWN has investment in (VivoPower Pty Ltd)

(j) entity owned by VivoPower Pty Ltd (VivoPower Singappre Pte Ltd)

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

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

30. Controlled Entities

Name of Entity	Country of incorporation	Class of shares	2016 %	2015 %
Parent entity				
Arowana International Limited				
Controlled entities of Arowana International Limited				
Intelligent Solar Energy Technology Pty Ltd	Australia	Ordinary	100	100
Arowana Australasian Holdings Limited	Australia	Ordinary	100	100
Arowana Education Holdings Pty Limited	Australia	Ordinary	100	100
Intueri Education Group Pty Ltd	Australia	Ordinary	-	100
HRM Asia Holdings Pty Limited	Australia	Ordinary	-	100

Arowana International Limited and its Controlled Entities

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Name of Entity	Country of incorporation	Class of shares	2016 %	2015 %
Key Media Holdings Pty Limited	Australia	Ordinary	-	100
Thermoscan Holdings Pty Limited	Australia	Ordinary	100	100
Thermoscan Inspection Services Pty Limited	Australia	Ordinary	100	100
AWN Funds Management Pty Limited	Australia	Ordinary	100	100
AWN Special Situations Fund 1 Holdings Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Fund 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations Carry 1 Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1A Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1B Pty Limited	Australia	Ordinary	100	100
Arowana Australasian Special Situations 1C Pty Limited	Australia	Ordinary	100	100
AWN Value Opportunities Fund Pty Limited	Australia	Ordinary	100	100
AAVOF Management Pty Limited	Australia	Ordinary	100	100
Arowana Energy Holdings Pty Limited	Australia	Ordinary	100	-
VivoPower International PLC	United Kingdom	Ordinary	100	-
VivoPower International Services	United Kingdom	Ordinary	100	-
VivoPower USA	United States	Ordinary	100	-
VivoPower Pty Limited	Australia	Ordinary	100	-
VivoPower WA Pty Ltd	Australia	Ordinary	100	-
VVP Project 1 Pty Ltd	Australia	Ordinary	100	-
VVP Project 2 Pty Ltd	Australia	Ordinary	100	-
Amaroo Solar Pty Ltd	Australia	Ordinary	100	-
Amaroo Solar TCo Pty Ltd	Australia	Ordinary	100	-
Amaroo Solar HCo Pty Ltd	Australia	Ordinary	100	-
Amaroo Solar FCo Pty Ltd	Australia	Ordinary	100	-
SC TCo Pty Ltd	Australia	Ordinary	100	-
SC HCo Pty Ltd	Australia	Ordinary	100	-
SC FCo Pty Ltd	Australia	Ordinary	100	-
SC OCo Pty Ltd	Australia	Ordinary	100	-
Vivopower Singapore Pte. Ltd.	Australia	Ordinary	100	-

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

31. Events Subsequent To Reporting Date

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 spinoff 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.

On 31 August 2016 the Company declared an unfranked dividend of 0.3 cents per share, payable to shareholders of record on 7 September 2016 and to be paid on 29 September 2016.

32. Auditors' remuneration

	2016	2015
	\$	\$
(a) PKF Hacketts Audit		
Audit and review of financial statement	57,500	61,000
Other services	8,200	14,050
(b) PKF Tax Pty Ltd (NSW)		
Provision of taxation services	37,900	57,420
Other services	2,000	37,600
Total paid to PKF Hacketts Audit and its network firms	105,600	170,070

33. Deed Of Cross Guarantee

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

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

The subsidiaries subject to the Deed are:

- Arowana International Holdings Limited

Arowana International Limited and its Controlled Entities

Notes to Consolidated Financial Statements

For the year ended 30 June 2016

34. Parent Entity Information

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

	2016	2015
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	20,184,600	44,979,879
Non-current assets	91,472,645	64,494,064
TOTAL ASSETS	111,657,245	109,473,943
LIABILITIES		
Current liabilities	2,008,666	930,034
Non-current liabilities	6,975,326	105,428,442
TOTAL LIABILITIES	8,983,992	106,358,476
NET ASSETS	102,673,253	3,115,467
EQUITY		
Issued capital	60,446,119	59,995,069
Capital raising costs	(486,021)	(486,021)
Retained earnings	58,824,655	(40,338,663)
Reserves	(16,111,500)	(16,054,918)
TOTAL EQUITY	102,673,253	3,115,467
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	101,535,891	5,724,814
Total comprehensive income	101,535,891	5,724,814

Guarantees

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

Contingent Assets and Liabilities

The Company has no contingent assets as at 30 June 2016.

The Company has a contingent liability relating to:

- ◆ a bank guarantee of \$75,000 provided in relation to a corporate credit card
- ◆ rental security deposit of \$20,900 provided in related to office lease

Arowana International Limited and its Controlled Entities

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements comprising the Consolidated Income Statement, 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 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 2016 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 value.
5. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 33 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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



Kevin Tser Fah Chin
Executive Chairman & Chief Executive Officer

27 September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED**

Report on the Financial Report

We have audited the financial report of Arowana International Limited ('the company') and its Controlled Entities ('the group'), which comprises the consolidated statement of financial position as at 30 June 2016, 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED (CONTINUED)**

Opinion

In our opinion:

- (a) the financial report of Arowana International Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the group's financial positions as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Arowana International Limited and its Controlled Entities for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

PKF Hacketts

PKF Hacketts Audit



Shaun Lindemann

Partner

Brisbane, 27 September 2016

Arowana International Limited and its Controlled Entities

Additional Information for Listed Companies

1. Shareholding

(a) Distribution of shareholders at 30 June 2016

Holdings Ranges	Number of Shareholders	Total Units	%
1-1,000	70	31,394	0.02
1,001-5,000	82	219,126	0.14
5,001-10,000	87	674,024	0.42
10,001-100,000	588	21,664,831	13.70
100,001 and over	181	135,581,424	85.72
Total	1,008	158,170,799	100.00

(b) The names of the substantial shareholders listed in the holding Company's register at 8 September 2016 (11 August 2015) are:

Shareholder	Number of shares 2016	Number of shares 2015
AIA INVESTMENT MANAGEMENT PTY LTD	11,367,420	8,228,575
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,360,265	9,396,000
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	9,170,355	9,170,335
K&B RICHARDS PTY LTD <RICHARDS SUPER FUND A/C>	8,575,000	8,575,000

(c) Voting Rights

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

Arowana International Limited and its Controlled Entities

Additional Information for Listed Companies

(d) Twenty largest shareholders

Holder Name	Number of ordinary fully paid shares held	Percentage held of listed ordinary capital %
AIA INVESTMENT MANAGEMENT PTY LTD	11,367,420	7.19
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,360,265	7.18
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
PANAGA GROUP PTY LTD <THE PANAGA GROUP A/C>	6,388,954	4.04
C F FOUNDATION GROUP PTY LTD <CHIN FAMILY SUPER FUND A/C>	5,805,000	3.67
RUMINATOR PTY LTD	5,046,667	3.19
TRAOJ PTY LTD <TRAOJ A/C>	4,544,380	2.87
MR DUDLEY HOSKIN	3,575,000	2.26
PACIFIC CAPITAL 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
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,729,860	1.73
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	2,655,168	1.68
CLURNAME PTY LTD	2,260,000	1.43
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,121,703	1.34
PINTIA PTY LTD <PETER CURRY SUPER FUND A/C>	1,570,000	0.99
GLOBAL MUTUAL FUNDS PTY LTD	1,552,497	0.98
YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	1,430,000	0.90
RALSTEN PTY LIMITED	1,400,000	0.89
Total for twenty largest shareholders	90,141,392	56.99
Total Issued Capital	158,170,799	

2. The name of the company secretary is:

Mr Thomas Bloomfield

3. The address of the principal registered office in Australia is:

Level 11, 153 Walker Street, North Sydney, NSW 2060
Telephone: (02) 8083 9800/Fax: (02) 8083 9804

4. 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

5. Australian Securities Exchange

The Company is currently listed on the Australian Securities Exchange.

Arowana International Limited and its Controlled Entities

Corporate Directory

Arowana International Limited

ABN 83 103 472 751

Registered Office

Level 11, 153 Walker Street

North Sydney NSW 2060

Telephone: (61 2) 8083 9800

Facsimile: (61 2) 8083 9804

Directors

Mr Kevin Tser Fah Chin (Executive Director)

Hon. John Moore (Non Executive Director)

Mr Robert McKelvey (Non Executive Director)

Mr Anthony Kinnear (Non Executive Director)

Share Registry

Boardroom Limited

Level 12, 225 George Street

Sydney NSW 2000

Telephone 02 9290 9600

Facsimile 02 9279 0664

www.boardroomlimited.com.au

Auditor

PKF Hacketts Audit

Level 6, 10 Eagle Street,

Brisbane QLD 4000

www.pfk.com.au



AROWANA INTERNATIONAL LIMITED
(AWN.AX)

2016 FULL YEAR RESULTS PRESENTATION

September 2016

STATUTORY PROFIT & LOSS HIGHLIGHTS

Key Statutory P&L items for year ended ¹		30 June 2016	30 June 2015 ²	30 June 2014 ²
Revenue (including other and interest income)	A\$m	5.6	6.1	56.7
EBIT	A\$m	(33.1)	(16.1)	108.5
NPAT	A\$m	(31.0)	(6.4)	109.5
EPS	A\$	(0.20)	(0.04)	0.67
DPS	A\$	0.008	0.030	0.040

- ◆ Statutory FY2016 result reflects the following key items:
 - **A\$13.4m** provision for impairment of equity accounted investment in Intueri and share of Intueri's losses for the year, **\$11.7m**
 - Part year contribution (losses) from VivoPower Pty Limited and its subsidiaries, consolidated from 1 December 2015
 - Part year contribution (losses) and establishment costs of VivoPower International PLC and its subsidiaries, established from 1 February 2016
 - Full year contribution from Thermoscan, Arowana Funds Management (AFM) and Arowana Enterprise Office
- ◆ Final dividend of **0.30** cents per share (unfranked) declared; payment date **29 September 2016**
 - Total dividend for FY2016 of **0.80** cents per share
- ◆ Numerical comparison of FY2016 to FY2015 and FY2014 statutory results is not meaningful
 - Significant impact on statutory results from Intueri impairment provision in FY2015 and FY2016
 - Significant impact on statutory results from sale of HRM Asia in FY2015
 - Establishment of new Funds Management division in FY2015 and first full year results in FY2016
 - Establishment and accelerated growth of VivoPower International PLC and VivoPower Pty Ltd in FY2016

1. Figures include results from continuing and discontinued operations.

2. Statutory results for full years ended 30 June 2014 and 30 June 2015 include a number of statutory restatements to ensure consistency of accounting.



STATUTORY BALANCE SHEET HIGHLIGHTS

Key Statutory Balance Sheet items for year ended		30 June 2016	30 June 2015	30 June 2014
Shares on Issue	#m	158.2	158.2	163.2
Cash	A\$m	20.3	54.1	97.1
Net Cash / (Net Debt)	A\$m	20.2	53.9	96.8
NTA / Share	\$ / share	0.56	0.77	0.82

- ◆ Shares on issue remained unchanged through FY 2015 and FY 2016
- ◆ Interest bearing debt reduced from \$135k to \$76k as at 30 June 2016
 - Debt attributable to Thermoscan finance leases on plant and equipment
- ◆ Cash balance has declined from \$54.1m to \$20.3m as at 30 June 2016
 - Detailed cash movement breakdown is set out in Appendix 1
 - Reduction in cash balance primarily due to investment in VivoPower International PLC and VivoPower Pty Ltd
- ◆ NTA per share has declined since 30 June 2015 by 21 cents
 - Approximately 18 cents of this reflects the reduction in carrying value of investment in Intueri Education Group Limited (IQE: ASX) (including a \$13.4M provision made by AWN as a result of the fall in share price of IQE)



UNDERLYING FINANCIAL PERFORMANCE

All figures in A\$000's	Statutory full year ended 30 June 2016 ^{1,2}	Underlying full year ended 30 June 2016 ^{2,3,4}	Underlying full year ended 30 June 2015 ^{2,3,5}	Underlying % change FY2016 vs FY2015
Revenue	4,377	4,613	3,091	49.3%
EBIT	(33,053)	(4,738)	(2,990)	(58.5)%

- ◆ Underlying results remove non recurring revenue and expense items, as well as interest income and expense
- ◆ Statutory revenue includes interest and other income
- ◆ Underlying results exclude contributions from discontinued operations (VivoPower, Aevitas⁶)
- ◆ Underlying group revenue (which excludes interest income) is up 49.3% primarily reflecting increase in funds management revenue
- ◆ Underlying group EBIT is deconstructed on the following page

1. Statutory results for full year ended 30 June 2015.
2. Excludes interest income received on corporate cash reserves.
3. Includes adjustments to exclude the impact of non-recurring items.
4. Excludes share of profit from investment in associate.
5. Restated to facilitate like for like comparison.
6. Aevitas Group Limited, formerly known as UPMG Group Limited.

Note: References to "underlying" information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.



UNDERLYING CONTINUING SEGMENT EBIT

All figures in A\$000's	Underlying full year ended 30 June 2016 ^{1,2,3,4}	Underlying full year ended 30 June 2015 ^{1,2,3,5}	Underlying % change FY2016 vs FY2015	Comments
<i>Continuing Operations</i>				
Funds Management	839	(309)	372.0%	Reflects contribution from AAVOF, AASSF I and Arowana Inc.
Operating companies	378	711	(46.8)%	Reflects contribution from Thermoscan, VivoPower International PLC and VivoPower Pty Ltd
AWN Enterprise Office	(5,955)	(3,392)	(75.6)%	Reflects higher employee costs, higher project and travel costs associated with faster than expected growth of VivoPower globally
Group Total	(4,738)	(2,990)	(58.5)%	

1. Segment EBIT excludes any internal management fee charges.
2. Includes adjustments to exclude the impact of non-recurring items.
3. Numbers may not add exactly due to rounding.
4. Excludes non operating items including FX gains/losses and share of profit from investment in associates.
5. Restated to facilitate like for like comparison.

Note: References to "underlying" information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.



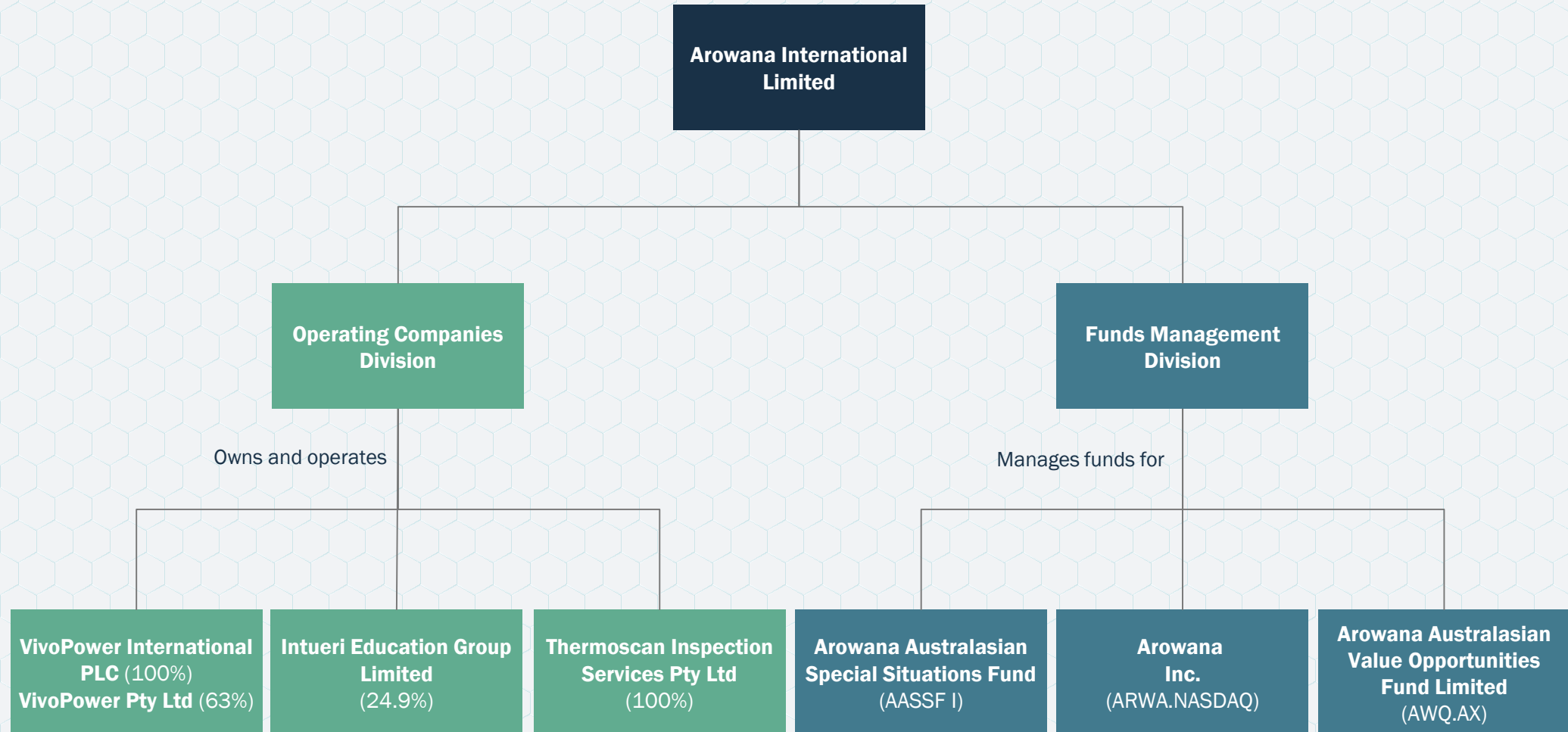
NTA BREAKDOWN

NTA Breakdown	A\$	Comments
Group cash	20,304,671	Refer to Appendix for cash movement breakdown
Intueri (IQE) shareholding	8,087,155	Based on last sale price on 30 June 2016
AASSF I Investments:		<i>The Arowana Australasian Special Situations Fund is consolidated given AWN is the controlling LP</i>
◆ ERMG convertible notes	3,000,000	At cost (excluding any accrued interest reflecting 8% annual coupon); more details in Appendix
◆ Viento Group Limited ordinary shares	542,667	At cost; more details in Appendix
◆ Arowana Inc. units	7,560,082	Based on unit price as at 30 June 2016
Net Working Capital	125,169	Receivables less payables
PPE	328,631	At cost (net of depreciation)
Net assets held for sale	48,263,188	At cost; represents VivoPower International PLC, VivoPower Pty Ltd and Aevitas securities (including cash)
Other Assets	989,360	Loans receivable, employee LTVCP shares and other
Other Liabilities	(202,394)	Includes provisions only
Borrowings	(76,428)	Vehicle and camera finance (Thermoscan)
Net Tangible Assets (\$)	88,922,101	Excludes goodwill amortisation and tax assets
Total Shares on Issue (#)	158,170,799	As at 30 June 2016
NTA per share (cents)	56.22	At cost (not adjusted for FX or share price movements)

Alternative valuation approach is Sum of the Parts incorporating net cash, investments (including seeded investments in the AASSF) and applying earnings based multiples to Thermoscan and the Funds Management division, net of Enterprise Office costs



AWN CORPORATE STRUCTURE¹



1. AWN corporate structure as at 30 June 2016.
2. AEO refers to Arowana Enterprise Office.
3. AWN holds a 24.9% shareholding in Intuери Education Group ("Intuери") following its IPO in May 2014. AWN does not have control or strategic or operational influence of Intuери.



AWN INVESTMENT “SANDPIT”



- ◆ Secures controlling shareholdings in privately owned companies
- ◆ Focus on companies where Arowana “operational engineering” capabilities can be applied to change the companies future trajectory (encompassing turnarounds and scale up “growth escalation”)
- ◆ Hands on operational involvement and board control
- ◆ No limits on investment duration
- ◆ Deploy internal capital and reserves only



- ◆ Secures strategic shareholdings (between 10% and 49% typically)
- ◆ Focus on Australia, NZ and Asian headquartered companies only
- ◆ Typically invest yield bearing mezzanine securities (including pre IPO bonds with warrants, convertible notes, convertible preference shares etc.)
- ◆ Board seat representation
- ◆ Maximum investment duration of 10 years
- ◆ Deploy external equity capital and initial AWN seed capital



- ◆ Acquires passive shareholdings (between 1% and 15%)
- ◆ Focus on listed securities only with a mandate that focuses on Australia and NZ but allows for global exposure
- ◆ Typically ordinary shares
- ◆ Board seat representation only in exceptional circumstances
- ◆ No maximum investment duration but average hold period of between 3 to 5 years
- ◆ Deploy external equity capital only

This framework allows us to apply our value based investment approach across an expanded universe of investment opportunities (from direct ownership to passive ownership)



AWN FY2016 ENTERPRISE PRIORITIES

1

Allocate

Our capital wisely and patiently

With a focus towards Operating Companies



2

Manage

Our controlled entities to 10-20% CAGR

Without sacrificing long term growth potential



3

Grow

Our pipeline of qualified investments

To an aggregate of at least A\$200m EBIT



4

Build

Our rolodex of company leaders

CEOs, CFOs, COOs, GMs and BDMs



5

Expand

Our network of potential fund investors

With a focus on like minded long term investors



6

Increase

AFM's FUM to at least A\$200m

Excluding internally seeded capital



OPERATING COMPANIES DIVISION: OVERVIEW

- ◆ As at 30 June 2016, the Operating Companies division comprised:
 - 100% of **Thermoscan Pty Limited (Thermoscan)**, a private Australian based company
 - 24.9% of **Intueri Education Group Limited (Intueri)**, a dual listed company which is equity accounted by AWN
 - 61.5% of **VivoPower Pty Limited**, a privately held Australian company with a Singapore subsidiary
 - 100% of **VivoPower International PLC**, a privately held UK company
- ◆ The Operating Companies division has been the major focus for AWN's investment strategy in FY2016
 - AWN narrowed its focus in FY2016 to solar power, education and funds management
 - Significant majority of its capital and time has been invested in growing and scaling VivoPower globally
 - AWN has also started to re-invest in vocational education, with the acquisition of a small RTO in Queensland
 - Previous interest in the food sector has been dropped for the time being given expensive sector valuations
- ◆ We are treading carefully in Australia given the challenging operating environment with political gridlock, regulatory volatility, relatively heavy compliance focussed culture, high embedded cost structure, low productivity and oligopolistic customer landscape
- ◆ The AWN Enterprise Office has also been expanded to support the growth programme across solar power, education and funds management



OPERATING COMPANIES DIVISION: SOLAR

- ◆ VivoPower “graduated” from being a special situations minority investment to an operating company in FY2016
 - Stronger than expected growth and resultant funding needs were provided by AWN, resulting in control
 - In addition, more resources were provided by AWN Enterprise Office to assist Vivo management
- ◆ VivoPower currently comprises of the following entities:
 - VivoPower Australia Pty Ltd (61.5% owned); and
 - VivoPower International PLC (100% owned)
- ◆ Operationally, VivoPower is experiencing very strong growth due to a confluence of positive tailwinds and is on track to deliver US\$17.6m EBITA for the financial year ended 31 March 2017 with a strong growth outlook beyond that
- ◆ VivoPower is subject to a proposed transaction involving Arowana Inc. that will result in the following:
 - VivoPower International PLC (incorporating VivoPower Australia and Aevitas also) will be listed on NASDAQ
 - A cleaner structure where AWN will have a shareholding in NASDAQ listed VivoPower International PLC only
- ◆ Further information on VivoPower can be found in the Investor Presentation lodged with the ASX on 12 August 2016



OPERATING COMPANIES DIVISION: EDUCATION

- ◆ AWN has been very disappointed with what has transpired at Intueri, given it has been unable to influence
 - AWN's intention was always to retain its 24.9% shareholding and for Intueri to be its education sector investment
 - Intueri's poor operating performance and subsequent share price decline have adversely impacted AWN's NTA
 - Furthermore, Intueri's dividend has been cut to nil, adversely impacting on cashflow to AWN
 - Legally, AWN has respected the strict position of the Intueri board to be completely independent from AWN
 - We were pleased that Intueri's board invited AWN's board representative to be an Executive Director in July 2016
 - As a result, AWN's board representative is now able to assist Intueri to improve its operational management
- ◆ AWN has commenced rebuilding a vocational education operating business, separate to Intueri
 - AWN informed Intueri's board before embarking on this strategy (given a right of first refusal with Intueri)
 - AWN is able to apply its preferred modus operandi to this new education operating arm
 - This new group will be run by an AWN assembled management team separate to Intueri
 - Focus is on Australian non VET FEE HELP related colleges that do not compete with Intueri
 - First small acquisition was completed in early July 2016 for an investment of A\$2m at an EBIT multiple of 1.7x



OPERATING COMPANIES DIVISION: THERMOSCAN

- ◆ Thermoscan's FY2016 results were marginally behind its FY2015 results
 - Revenue to 30 June 2016 at \$2.73M was down slightly by 2.5% (from the prior year's \$2.80M)
 - Underlying EBIT¹ was down by a similar margin, 2.3%, to \$694K (versus FY2015 \$711K)
- ◆ The FY2016 results reflected a number of factors:
 - Challenges with the salesforce and recruiting the right sales personnel
 - Competition for labour from the building and construction industry (pushing up wage costs)
 - Inconsistency in buying patterns with customers that have had their preventative maintenance budgets cut
 - Investment in technology to enhance productivity that should translate into earnings in FY2017
- ◆ Thermoscan's management team is focused on driving revenue growth from FY2017 onwards
 - New sales architecture and sales culture has been developed
 - Focus on customer segments where preventative maintenance is more important (eg retirement villages)

1. The underlying financial performance information excludes non-recurring items. References to "underlying" information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.



FUNDS MANAGEMENT DIVISION: OVERVIEW

- ◆ The Arowana Funds Management (“AFM”) division was launched in July 2014 with target FUM of **A\$100m** from 2 products
- ◆ In the FY2015 Annual Report, a target FUM of **A\$200m** was set as a strategic priority for FY2016
- ◆ As at 30 June 2016, this target was not achieved with total external FUM of **A\$171m** from 3 products as follows:
 - **A\$56m** for the Arowana Australasian Value Opportunities Fund (AAVOF)
 - **A\$32m** for the unlisted Arowana Australasian Special Situations Fund (AASSF I), of which **\$4m** was external capital
 - **A\$111m** for Arowana Inc., a special purpose acquisition company (SPAC) listed on NASDAQ
 - (a further **A\$10m** was raised in the first week of July 2016 through AAVOF’s options and placement)
- ◆ During the FY2016 year, the AFM team focused on :
 - Investments: deploying capital in opportunities that present asymmetric payoff profiles
 - Performance: delivering on underlying results from investments made
 - Distribution: establishing new relationships with long term capital providers including family offices in Australia and internationally
- ◆ From a results perspective, the AFM has beaten expectations as a 2 year old business, contributing an underlying EBIT of **A\$0.8m** in FY2016 (FY2015, EBIT loss of **A\$0.3m**)

1. The underlying financial performance information excludes non-recurring items. References to “underlying” information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.



FUNDS MANAGEMENT DIVISION: AASSF

- ◆ As at 30 June 2016, the AASSF I had FUM of approximately **A\$32m**
 - This includes **A\$28m** of seed capital investment from AWN
 - Additional investments largely from members of the management team
- ◆ As at 30 June 2016, the AASSF I had invested most of this capital across the following:
 - **A\$20.9m** in convertible notes (\$14.6m) and convertible preference shares (\$6.3m) in a turnaround and business transformation opportunity, **Aevitas Limited (formerly UPMG)**
 - **A\$2.5m** in ordinary shares in **VivoPower**, a solar energy provider focused on Australia & Asia
 - **A\$1.5m** (US\$1.17m) in foundation units of **Arowana Inc.**, a NASDAQ listed special purpose acquisition company (SPAC)
 - **A\$3.0m** in convertible notes of **Evolution Road Maintenance Group (ERMG)**, the largest traffic control company in Australia and NZ
 - **A\$0.5m** in ordinary shares of **Viento Group Limited**, a “cleansed” and recapitalised ASX shell company
- ◆ More information on the above investments is set out in the Appendix
- ◆ The AASSF I expects to monetize the significant majority of its investments to date with the IPO of VivoPower on NASDAQ
 - Investments in Aevitas, VivoPower and Arowana Inc. are expected to be realised as part of this transaction



FUNDS MANAGEMENT DIVISION: AAVOF

- ◆ AAVOF completed its first full year of operations in FY 2016, having listed on ASX in January 2015
- ◆ Revenue and EBIT to 30 June 2016 were **\$1.3m** and **\$0.8m** respectively
- ◆ The FY2016 results reflect a number of factors:
 - Strong underlying fund outperformance, **+17.6%**¹ V benchmark+0.6%² for the year ended 30 June 2016
 - Crystallisation of a performance fee
 - Strong cost management and productivity
- ◆ An additional \$19.8m has been raised since 30 June 2015 which will result in increased management fees
 - Raising was conducted in June 2016, immediately post shock Brexit result which impacted size of raising
- ◆ Other key developments:
 - An unfranked **4 cents** per share maiden dividend was declared in August 2016
 - A Dividend Reinvestment Plan (DRP) has also been introduced
 - Mandate has been broadened to enable manager to invest 25% internationally and hedge to a similar level

1. NTA return after all fees and charges and before estimated provision for taxation on unrealised gains
2. S & P ASX 200 Accumulation Index



FUNDS MANAGEMENT DIVISION: AROWANA INC.

- ◆ Arowana Inc. (ARWA) listed on NASDAQ in May 2015 after a successful **US\$82.8m** capital raising
- ◆ AWN (via AASSF I) has a foundation shareholding in ARWA:
 - Investment via the AASSF cost **US\$1.17m**
 - Based on ARWA units last sale price as at 30 June 2016 of **US\$10.20**, this stake was worth **US\$5.61m**
 - AWN also receives management fees from ARWA:
 - Capped at **US\$10,000** per month for up to the first 18 months post listing; and
 - To be renegotiated following IBC based on market benchmarks
- ◆ ARWA announced a proposed initial business combination (IBC) in August 2016:
 - VivoPower International PLC (comprising VivoPower Pty Ltd and Aevitas) would reverse merge into ARWA
 - VivoPower International PLC would be the surviving entity post transaction
 - Transaction will be subject to shareholder vote in November / December 2016
 - As a related party transaction, there will be a US fairness opinion (for ARWA shareholders) and an Australian independent expert report (for AWN shareholders) to ensure it is on an arms length valuation basis



LEADERSHIP & BOARD UPDATE

- ◆ Executive Leadership Team comprises:
 - **Kevin Chin** (Executive Chairman and CEO), **Conor Byrne** (Chief Financial and Operating Officer) and **Gary Hui** (Chief Investment Officer)
 - Collectively, this leadership team has 75 years experience and has been through numerous business and market cycles since 1987
- ◆ Board of Directors comprises:
 - **Kevin Chin** (Executive Chairman), **John Moore**, **Rob McKelvey** and **Tony Kinnear** (Non Executive Directors)
 - **Tony Kinnear** joined the board as a Non Executive Director in November 2015
 - **Rob McKelvey** fulfils the role of Lead Director
 - Board members are aligned in that they are required to invest 5x their annual board fee in AWN shares within a 5 year period
- ◆ Board of Advisors (Arowana Advisory Board) comprises:
 - **Verne Harnish**, founder of YEO and Gazelles Inc. and best selling author of Scaling Up and Mastering the Rockefeller Habits
 - **Dr Simon Ogus**, founder and CEO of DSG Asia Limited, considered one of Asia Pacific's pre-eminent economists and was formerly Chief Economist, Asia Pacific at Swiss Banking Corporation
 - **Kent Kwan** formerly an Executive Director responsible for managing the investment and operational functions of AWN and a current board member of the AAVOF and Arowana Inc; and
 - **Dirk Rossey** a specialist in organisational behaviour, change management, process improvement and leadership development. Formerly with Dubai Bank, Tatweer (Dubai, J.P. Morgan (Sydney, Singapore and Hong Kong) and Inchape (Asia Pacific)



AWN FY2017 ENTERPRISE PRIORITIES

1

Raise

Complete NASDAQ listing of VivoPower (and potential dual listing)

2

Manage

Further grow development and asset ownership orbit of VivoPower

3

Buy

Rebuild a vocational education division (commencing in Australia)

4

Manage

Our operating companies to deliver minimum aggregate organic EBIT CAGR of 10-20%

5

Raise

Increase AFM FUM to minimum A\$200m (excluding internally seeded capital)

6

Manage

Fast track coaching and development of our team to master and apply V.U.C.A leadership



APPENDICES

1

Cash Movement Breakdown

2

AASSF Portfolio Summary

3

Underlying Financial Information



CASH MOVEMENT BREAKDOWN

AWN Cash Reconciliation	A\$	Comments
Cash @ 30 June 2015	54,061,080	As per audited balance sheet on 30 June 2015, includes SGD\$8.196m
Cash @ 30 June 2016	24,059,869	As per audited balance sheet on 30 June 2016 (including \$3.76M within VivoPower disposal group)
Total Cash Movement	(30,001,211)	
HRM retention	878,537	Represents retention received in October 2015 (\$878,536) from sale of HRM Asia subsidiary
Dividend income	1,338,785	Intuери NZ dividends received in September 2016
Dividend paid	(2,372,563)	AWN interim dividend paid
AASSF investments	400,000	Represents additional external investments into AASSF I
Convertible notes and term loan	(4,630,000)	Investments in notes and loans of ERMG, Aevitas and AGS
VivoPower US solar projects	(16,533,596)	Funds invested in the build of VivoPower International's US solar projects
VivoPower SunConnect projects	(1,118,365)	Operating solar assets (that are held within VivoPower)
VIE shares	(542,667)	Ordinary shares
Project expenses	(1,643,259)	Various due diligence costs (primarily attributable to VivoPower project rights and asset acquisitions)
Other net operating cash flow	(5,778,083)	Includes taxes paid, net interest income, recurring and non recurring revenue and expenses
Total Cash Movement	(30,001,211)	



AASSF I INVESTMENT PORTFOLIO ¹

AASSF Investments	A\$m	Comments
Aevitas Group Limited (“Aevitas”) ² Convertible Notes	14.6	<ul style="list-style-type: none"> ◆ Aevitas is an unlisted public company based in Australia (www.aevitas.com.au) ◆ Aevitas provides power generator, motor and switchboard installation and maintenance services ◆ Aevitas has however embarked on a transformation to solar related activities (including VVP – see next page) ◆ The AASSF I holds 2,000,000 unsecured convertible notes at \$7.00 each (plus capitalised interest on purchase) ◆ The AASSF I is represented on the board of Aevitas ◆ Key features of the Aevitas unsecured convertible notes are as follows: <ul style="list-style-type: none"> - A cumulative coupon yield that stepped up from 8.5% to 11.4% per annum from 1 July 2015 - A vote per each convertible note (that is equal ranking with ordinary shares by subscription value) - Redemption date of 30 June 2018 (with cash redemption premium of 5%)
Aevitas Group Limited (“Aevitas”) ² Convertible Preference Shares	6.3	<ul style="list-style-type: none"> ◆ The AASSF holds 2,000,000 convertible preference shares at \$3.00 each (plus capitalised interest on purchase) ◆ Key features of the Aevitas redeemable preference shares are as follows: <ul style="list-style-type: none"> - A non cumulative preferential dividend yield that stepped up from 8.5% to 11.4% per annum from 1 July 2015 - A vote per each preference shares (that is equal ranking with ordinary shares by subscription value) - Redemption date of 30 June 2018 (with cash redemption period of 5%)

1. As at 30 June 2016

2. Formerly known as Ubiquity Power Maintenance Group Limited (UPMG)



AASSF I INVESTMENT PORTFOLIO (CONTINUED) ¹

AASSF Investments	A\$m	Comments
VivoPower Pty Ltd (“VVP”) Ordinary Shares	2.5	<ul style="list-style-type: none"> ◆ VivoPower Pty Ltd (“VVP”) is the Australian and Asian arm of VivoPower International PLC ◆ VivoPower International PLC is subject to a transaction that will see it IPO on NASDAQ (refer below) ◆ As part of this transaction, VVP will formally and legally become a subsidiary of VivoPower International PLC ◆ The AASSF I’s shareholding represents a 39.9% economic and voting interest ◆ The AASSF I is also represented on the board of VVP
Arowana Inc. (“ARWA”) Foundation Ordinary Shares	1.5	<ul style="list-style-type: none"> ◆ Arowana Inc. is a special purpose acquisition company (SPAC) that listed on NASDAQ in May 2015 raising US\$82.8m ◆ AWN (through ASSF 1) is a foundation sponsor shareholder and holds ARWA shares at an average issue price of US\$2.00 per share (versus IPO price of US\$10.00) ◆ ARWA will need to consummate an initial business combination (IBC) that is approved by shareholders; if it fails to do so, sponsor shareholders (including AWN) will lose all of their equity ◆ ARWA announced a proposed initial business combination (IBC) with VivoPower International PLC on 12 August 2016 <ul style="list-style-type: none"> - Transaction is subject to shareholder approval at a shareholder meeting expected to be in November 2016 - Surviving entity post vote will be VivoPower International PLC, with AWN as largest shareholder ◆ ARWA at time of writing is worth approximately 5 cents per share to AWN

1. As at 30 June 2016



AASSF I INVESTMENT PORTFOLIO (CONTINUED) ¹

AASSF Investments	A\$m	Comments
Evolution Road Maintenance Group Limited (ERMG) Convertible Notes	3.0	<ul style="list-style-type: none"> ◆ ERMG is an unlisted public company based in Australia (www.ermg.com.au) ◆ ERMG is the largest traffic control company in Australia and NZ ◆ The AASSF I invested in 3,000,000 unsecured convertible notes at \$1.00 each ◆ Key features of the ERMG convertible notes are as follows: <ul style="list-style-type: none"> - 5 year term (to April 2021) - Coupon of 8% per annum (cumulative) - Convertible at option of holder into ordinary shares at \$1.60 - Redeemable at \$1.00 (at option of holder after 30 months post issue date) ◆ The AASSF I is represented on the board of ERMG
Viento Group Limited ("VIE") Ordinary Shares	0.5	<ul style="list-style-type: none"> ◆ Viento is an ASX shell company, recapitalised on 30 June 2016 ◆ ASSF 1 invested \$542,667 in ordinary shares as part of the recapitalisation ◆ AASSF I is now seeking to identify and vend a business into Viento ahead of a requotation in CY2017



UNDERLYING FINANCIAL INFORMATION

Explanation of underlying financial information

Underlying financial information represents profit and loss information derived from the unaudited management accounts for the relevant operating entities in respect of the full year ended 30 June 2016 and 30 June 2015 respectively adjusted as follows:

- ◆ To exclude all revenue and costs associated operating activities that are held for sale; and
- ◆ To exclude non recurring revenue and cost items

References to “underlying” information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011.

Non-IFRS financial information has not been subject to audit.

Underlying financial information has been presented to enable better like for like comparison of financial results.



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AROWANA INTERNATIONAL LIMITED
(AWN.AX)

2016 FULL YEAR RESULTS PRESENTATION

September 2016