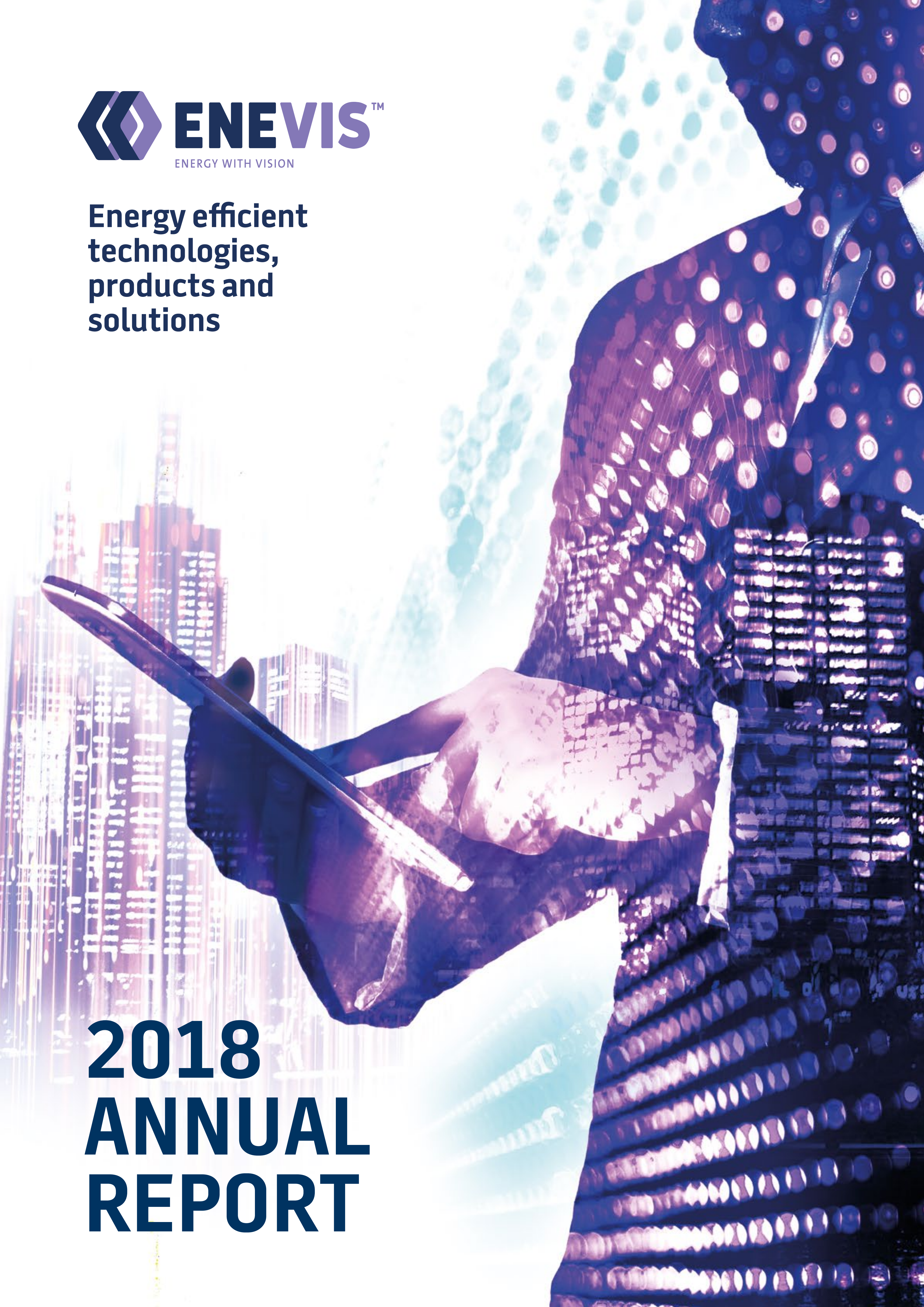
ENEVIS™

ENERGY WITH VISION

Energy efficient technologies, products and solutions



2018 ANNUAL REPORT

CONTENTS

ENEVIS PROVIDE ENERGY EFFICIENT TECHNOLOGY SOLUTIONS, THROUGH CREATIVE DESIGN AND ENGINEERING OF HARDWARE, SOFTWARE AND EXTENSIVE SUPPORT SERVICES AROUND AUSTRALIA.

01

The change in brand name to Enevis was appropriate and timely, as it aligns and elegantly reflects our corporate strategy to become an undisputed leader in the energy efficiency market.

I am pleased to present my annual update as Chairman and Managing Director of Enevis Limited, being our new corporate name and brand that was adopted following Shareholder Approval at our recent Extraordinary General Meeting on 25 July 2018. As I outlined at that time, the changing of our brand was appropriate as it aligns with, and elegantly reflects, our new corporate strategy of becoming an Australian leader in the Energy Efficiency market. It leverages our expanded lighting assets, with the acquisition of Lumex, combined with our Audio Visual expertise. Energy with Vision.

I am also delighted to be able to report that after year end we completed a successful equity raise that has injected $3.45 million (gross of costs) into the Group to help advance our strategy and growth agenda. I thank all our new shareholders for their investment and confidence displayed in our vision. The funds will be deployed towards our working capital needs, assist with integration activities of the Lumex business and go towards retiring debt, and strengthening our balance sheet.

As referenced, we are excited to have completed the acquisition of the Lumex business and assets post year end as well. The Board is looking forward to the contribution that this business can bring and the synergies across the customer bases to drive revenue and margin growth. Lumex is a business focused on the Australian and New Zealand Electrical market, with particular emphasis on energy efficiency, LED lighting, and related controls and accessories. Lumex has existing commercial trading arrangements in place with many of the key electrical wholesaler groups and independent wholesalers in Australia. The brand has traction with energy efficiency integrators, facility management organisations, electrical consultants, electrical contractors and large 'end users' in the commercial and industrial sector. Lumex has a national sales reach through a mix of technical sales employees, and a national network of agents.

Lumex also owns an auditing and customer support programme called Enerspec. This allows direct involvement with key customers by managing the design, Government certificate management and financial justification of commercial / industrial lighting solutions. We plan to leverage Enerspec more broadly to provide justifications for our other brands.

Our operating divisions have continued to perform and are showing healthy rates of growth in line with expectations. Full year sales have improved significantly with group trading revenues of $27,150,403 up 34% on the $20,239,474 in the previous corresponding period from the continuing business operations of the Company.

The sales growth in SKS Technologies (formerly Stokes Technologies) has been driven by an increasing recognition of the brand and quality of service delivery. The company has undertaken numerous projects (a selection of which are outlined in this report) and has secured a number of prestige audio visual contracts, as we have previously announced, namely the Vision 2020 Victorian State Library Redevelopment and a high tech multi-storey student accommodation facility in Carlton. The pipeline of opportunities, as well as the size of opportunities, is increasing and we look forward to FY2019.

SKS Technologies has also expanded its national presence with a new operation in South Australia which commenced in late June 2018 and we welcome the opportunity to deliver our services across audiovisual, communications and electrical, to a new customer base.

Urban Lighting Group, our street and commercial lighting subsidiary, made steady progress in FY18. The Street Lighting division which was acquired in October 2016 has started to deliver strong signs of growth, following operational and

CHAIRMAN & MANAGING DIRECTOR'S REPORT

management restructuring initiatives undertaken post acquisition. The amount of infrastructure activity and residential land developments remains high and we are finding strong demand. Likewise, our commercial lighting brand is succeeding in winning quality projects, for example the Victorian Racing Club 'The Club Stand' lighting package upgrade.

Despite all the positives and underlying progress there were a number of material setbacks that hit the Group during the 2018 financial year, specifically the bad debt and impairment charge related to McKnight's Electrical (Geelong Symonds Stadium project) and the Research and Development tax debt (which have been previously announced). The impact of these matters, and associated costs incurred to manage the outcomes, weighed heavily on the financial performance of the Group during the financial year as reflected in the Income Statement and Balance Sheet. The positives are we have managed through these events and come out the other side in a favourable position given the successful capital raise and divisional performance as discussed above.

From a corporate perspective, we have strengthened the management team with the appointment of a full time Chief Financial Officer and Company Secretary in October 2017 and post year end with Mr Erik Scholz joining the Group as part of the Lumex acquisition. Erik has deep industry experience within the lighting and energy efficiency markets having established Enesolve Pty Ltd with partners to create one of the pioneering energy efficiency solutions providers in 2009 which was sold in 2012 to Gerard Lighting. Erik has held a range of senior roles within Gerard Industries, Clipsal and Schneider Electric and his expertise from both a strategic and operational perspective will be invaluable.

We have also invested in upgrading our various IT ERP platforms to cater for the growth ahead in terms of volumes, complexities and national presence. We believe these upgrades will assist in delivering efficiencies in process and human capital in the years ahead.

Finally, I would like to thank our staff for their dedication during the financial year 2018, our suppliers and customers for there ongoing support and our shareholders whom I look forward to addressing at our next Annual General Meeting.

Yours faithfully

Peter Jinks
Chairman and Managing Director

WE'RE FOCUSED ON ENERGY EFFICIENCY, AND IT'S OUR MISSION TO SEEK OUT AND ADOPT MORE EFFICIENT TECHNOLOGIES AND CREATIVE SOLUTIONS TO REDUCE ENERGY LOSSES FOR OUR CLIENTS.

02

STRONG GROWTH IN SIGHT

As a long standing small public company, Enevis has successfully positioned itself as a focused provider of electrical and energy efficiency technologies, products and services for the commercial, industrial and infrastructure sector.

The company is focused on strong growth opportunities with access to significantly larger markets in renewables, energy efficiency and sustainability, propelling the business into the most attractive growth orientated sector.

During the financial year the company experienced contrasting fortunes, but in spite of these challenges we were able to generate top-line growth.

This strong hold experienced in the June half-year and the volume of work in hand for the next financial year provides encouragement that the financial performance in FY2019 will continue to grow.

Enevis is forward-looking, and ready to take advantage of the ever-changing technology where energy efficiency and savings are essential, and fragmentation of manufacturers and suppliers are moving towards increased concentration.

Enevis continues to strive to be the undisputed leader in energy efficiency-orientated technologies and services, and market-leading audiovisual products and solutions. Through the highly complementary product offering across the group, Enevis is well placed to take advantage of cross selling opportunities, whilst targeting the commercial, industrial and infrastructure markets.

With new energy efficient services, new business segments and hundreds of new products, one thing still remains: Enevis is built around people, their enthusiasm, their ability, and their commitment to maintain and build on the success of the business.

PROFILE REVIEW

FINANCIAL YEAR 2018 HIGHLIGHTS

Q4

- SKS Technologies and Urban Lighting Group jointly awarded lighting control system upgrade to the iconic Melbourne Star.
- Pivotal acquisition of Lumex and founding management purchase agreement confirmed. The purchase (completed in early FY19) represents a forward-looking focus, providing increased energy efficiency, LED lighting, related controls, accessories and solutions across the Enevis business.
- Larger sales-force, customer base and cross selling opportunities.
- Expansion of South Australian office, extending national footprint and offering to include audiovisual, communications and electrical solutions. Employment of local, highly experienced management team.

Q3

- Successfully secured significant high-profile government projects, Victorian State Library redevelopment and hi-tech multistorey Student Accommodation facility in Melbourne, amongst others.

Q2

- Sale of Dueltek Distribution to Omega Power Equipment Pty Ltd. The sale ignites the company's increasing focus on energy efficiency products and solutions.
- Appointment of new Chief Financial Officer and Company Secretary, Mr Paul Miller. A Chartered Accountant with more than 25 years of financial experience in both listed and unlisted companies.

Q1

- Appointment of Mr Thomas Krulis as Non-Executive Director, with extensive experience and business network strengths.

ENEVIS™
ENERGY WITH VISION

THE ENERGY OF OUR PEOPLE WITH THE VISION OF THE FUTURE

Focused provider of electrical and energy efficiency technologies, products and services for the Commercial, Industrial and Infrastructure sector.

SKS Technologies by ENEVIS

Audiovisual communications and electrical solutions

Experienced providers of creative audiovisual interactive solutions, communications and electrical cabling.

Urban Lighting Group by ENEVIS

Architectural lighting, columns and technology solutions

Experienced specialist in the lighting design, engineering and manufacture of intelligent architectural, street sport, retail and high bay lighting solutions.

LUMEX® by ENEVIS

Energy efficient lighting and technology solutions

Recognised as a leader in range, support and performance, Lumex is the trusted brand for LED lighting and electrical accessories throughout Australia. The Lumex EnerSpec Program plans the lighting solution and supports clients in determining what cost savings they'll achieve and how they can ascertain financial justification of government subsidies.

enerspec
energy efficiency partnerships

OUR VALUES

Enevis is committed to having an undisputed forward-looking client focus, delivering quality services with integrity and working together as a team.

CLIENT FOCUS

As a trusted energy efficiency advisor, everything we do is focused on our clients requirements.

QUALITY

We are proud to stand behind the quality of work we deliver.

INTEGRITY

We always act with integrity through honesty, fairness and accountability.

TEAMWORK

We work together with passion and respect, act professionally and have fun.

MCKINNON STATION

03

Enevis is committed to supporting our customers while maintaining our uncompromising principles of; client focus, quality, integrity and teamwork. We apply these principles to every aspect of our business and project, and strive for continual improvement.

Enevis deliver energy efficient technology solutions, through the creative manufacture, design and engineering of software, hardware and installation support services. With strong capabilities in servicing national customers, Enevis provide innovative LED lighting products, energy consumption cost benefit and rebate analysis, audiovisual, communications and electrical solutions to the commercial, industrial and retail markets.

Solutions are designed to ensure both cost effectiveness and ease of operation, where user interfaces automate complex processes and reduce the amount of energy required. We work directly with our end clients and also provide design, engineering and installation expertise to consultants, builders and architects. Our experienced staff include industry certified installation technicians committed to providing exceptional service ensuring all projects are delivered with the highest quality.

PROJECT INSIGHTS

MCKINNON, ORMOND AND GARDINER STATIONS GUIDES TRAINS AND PASSENGERS TO PLATFORMS

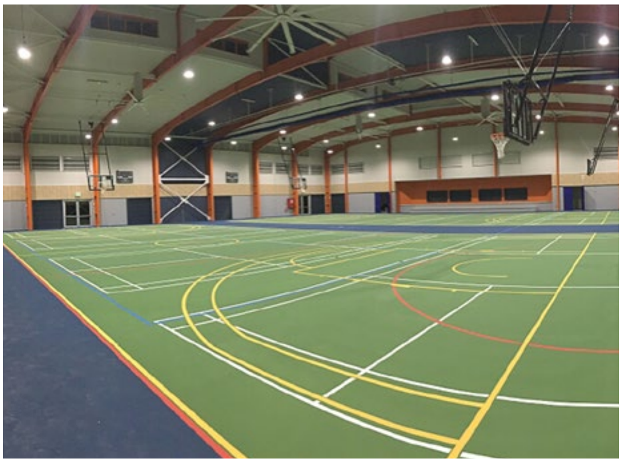
Urban Lighting Group recently completed significant rail technology upgrades to McKinnon, Ormond, and Gardiner Stations. The project included improvements to the existing lighting system and rectification of a large number of functional and safety issues. These cleverly designed European and architectural lighting installations also involved ARUP designers to address the lighting needs of this most modern rail project, which includes glare control considerations and compliance with the obtrusive lighting code AS 1482.

Optimal light quality, excellent colour rendering and optimum energy efficiency are just some of the qualities characterising this AEC Italo series rail lighting upgrade.

In some cases, neighbouring residences are in close proximity to railway boundaries, which makes the nominated AEC Italo 1 street lighting and the AEC X-MOD flood lighting the best response to the needs of this public rail lighting solution. The solution provides the best possible spacings on station platforms meeting uniformity requirements.

The installed optics are perfect for high traffic suburban areas where glare is reduced without compromising the photometric quality of light output. All optics are removable and replaceable allowing for extended life in the field and future LED upgrades.

The comprehensive, cost effective and environmentally friendly lighting solution which now illuminates the stations, also highlights the safety precautions taken to ensure limited reflected light. The result is an aesthetically pleasing installation which also brightens up the way rail travellers travel.



LA TROBE UNIVERSITY LIGHTS UP FIFA SYNTHETIC PITCH

La Trobe University has unveiled the new FIFA-1 standard and accredited synthetic football pitch at its Melbourne campus in Bundoora. The new pitch marks the first phase of significant lighting development.

Urban Lighting Group supplied and installed the high mast poles with Italian AEC Galileo 3 flood light fittings, which is the largest size of the series. The luminaires with their external gear tray are compact and perfect for FIFA accredited installations where lighting quality and flexibility are paramount. The High Mast Systems can light large areas, where adequate lighting for football fields is now an essential element in the ongoing viability of any sporting venue.

Sports Lighting illumination is critical for players to really see the fast-moving ball. The high-powered lighting installation creates a more even and uniform light distribution, and also has a colour temperature that closely matches daylight. This increases visibility, and enhances the ability to detect moving objects. These characteristics lead to an improved match experience for both players and spectators.

The La Trobe Sports Park will ultimately cover 60 hectares. Future major developments include world-class sport science and analytics research and teaching laboratories, an education and training centre, six high ball indoor courts, and dedicated office accommodation for local, state and national sport organisations.

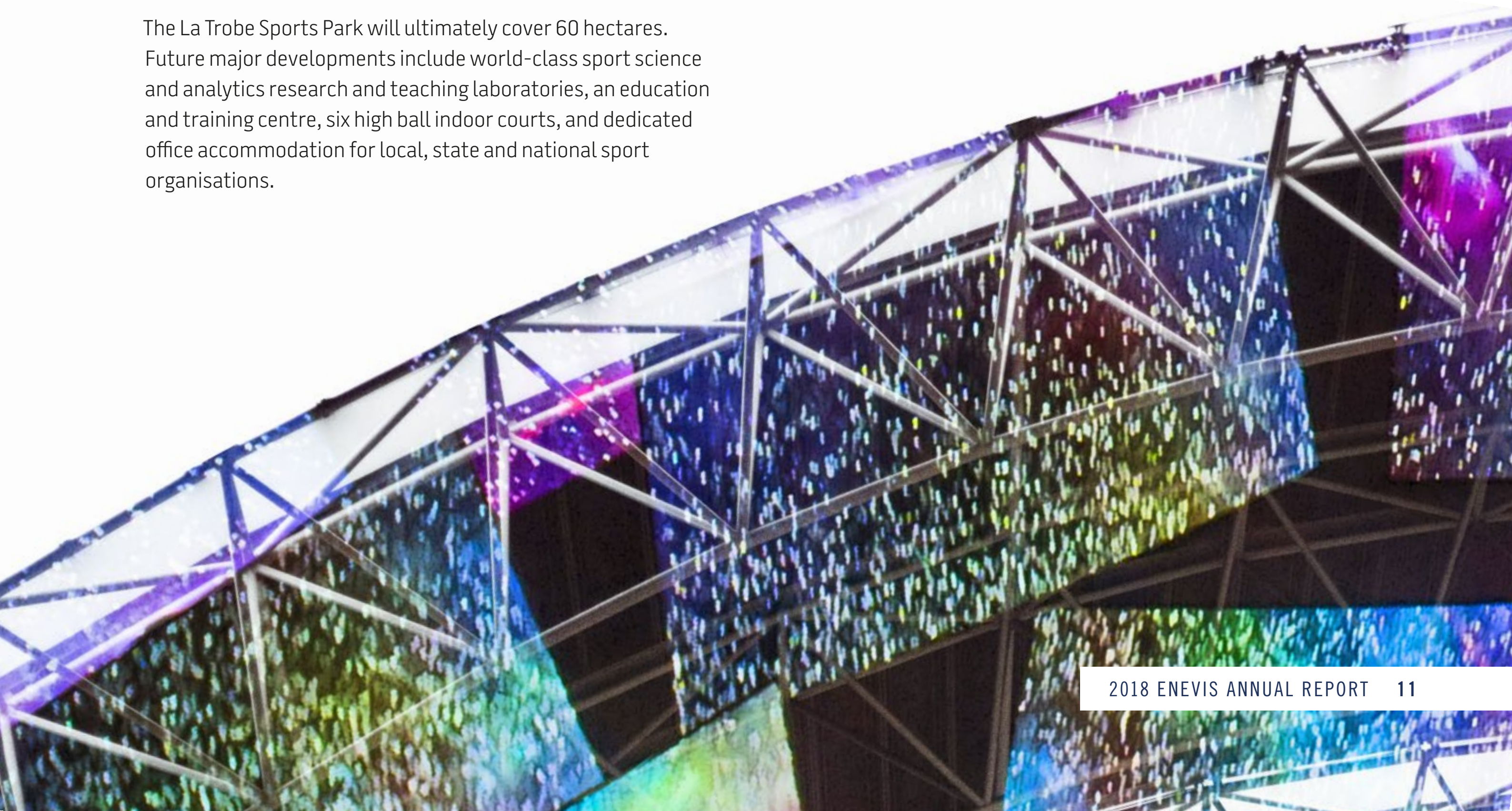
TOOWOOMBA, CALVARY INDOOR SPORTS CENTRE ACTION PACKED SPORTS CENTRE

THE CHALLENGE

- Multi-purposed sports lighting
- New building
- 30 Skybay 180W LED
- Seven-year maintenance free period
- Up to $140,000 savings over 10 years

THE SOLUTION

- SkyBay
- HiColour CRI>180
- LED life> 100,000
- IP65
- IK08
- Ripple free
- Seven-year warranty
- 150W/Lm



03 PROJECT INSIGHTS

IMPECCABLE TURNKEY DIGITAL SIGNAGE AT **RIALTO TOWERS**

SKS Technologies were awarded the contract to supply and install a large-scale eye-catching LED video wall, bringing the refurbished Rialto building main foyer to life with videos, advertisements, schedules and live events.

The wall has numerous functions including the ability to stream stock market reports, display public transport updates all whilst showcasing major events or integrating multiple screen shots of current affairs. The solution was designed to ensure ease of operation where user interfaces automate the complex processes ensuring system operation reliability.

The tailored video wall incorporates a Building Evacuation System, delivering advanced functionality where the video wall can automatically display evacuation instructions and other critical messages.

The video wall equipment includes the highest quality LED components and rigorous worlds-best quality control and testing. The solution is integrated with a controller touch-screen, which allows centre management to select what they want, when they want it, and how they want it. The possibilities are endless, all whilst creating powerful viewing experiences for passer-by's.

03 PROJECT INSIGHTS

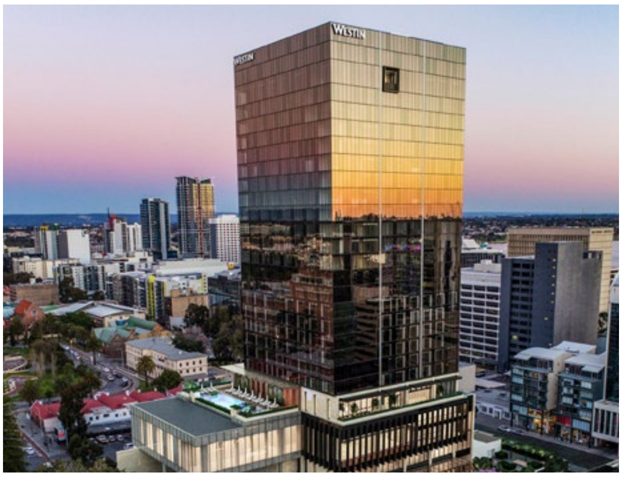
ADVENTURES AT **KATHMANDU** HEAD OFFICE

THE CHALLENGE

- Head office work-space lighting solution
- New building
- 72 Maxi downlights installed
- 53 Novablade panels
- Seven-year maintenance free period
- $90,000 savings over 10 years

THE SOLUTION

- NovaLED Maxi GEN 2 downlight
- Customised DALI system
- HiColour CRI>90
- LED life>100,000
- IP54
- IK07
- Ripple Free
- NovaBlade panel
- HiColour CRI>90
- LED life>50,000
- IP40
- IK10
- Ripple free
- Seven-year warranty



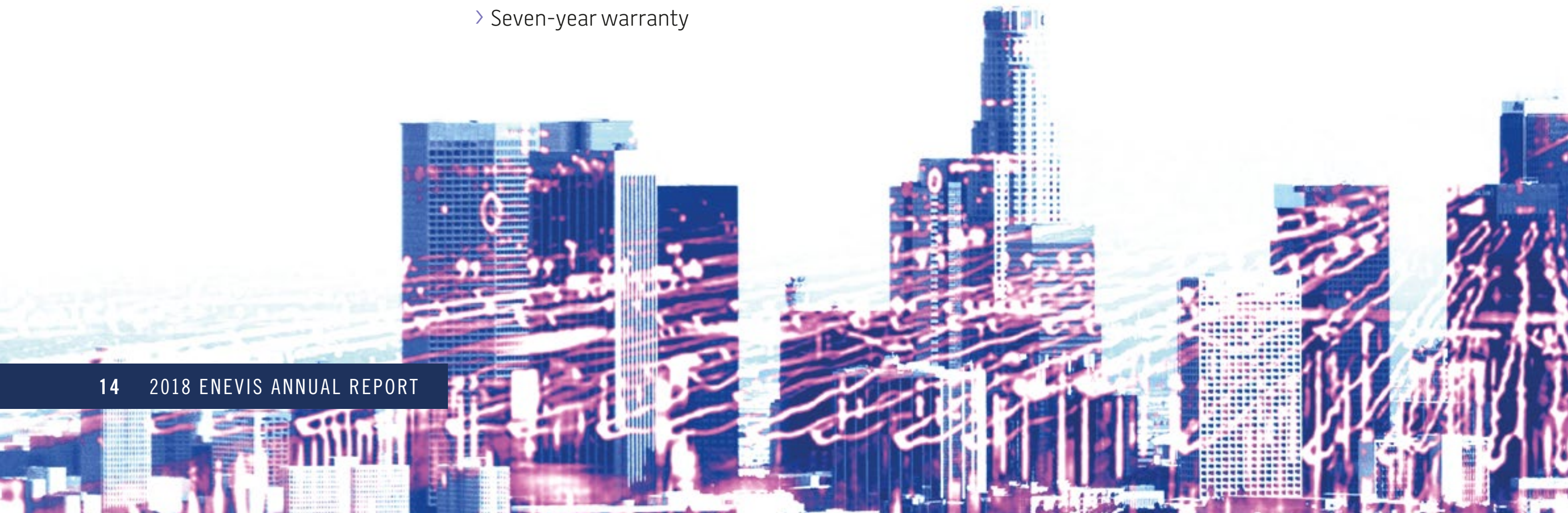
WESTIN HOTEL INSTALLS CUTTING-EDGE HOSPITALITY TECHNOLOGY

The SKS Technologies team were engaged to deliver the comprehensive hospitality needs of the brand new, 26 storey Westin Hotel Project in Perth, Western Australia. The solution enables the prestigious hotel to provide modern facilities with creative audiovisual technology, back-ground music and IPTV systems for hotel guests.

The state-of-the-art audiovisual equipment includes Crestron control, Atterotech and QSC Networked Audio, Kramer IP Streaming. Screen Technics projection screens were installed throughout function rooms, lifts and meeting spaces, including three combinable multifunction Ballrooms, located on the Podium levels of the hotel, lower ground through to level 4.

The back-ground music system piped throughout the hotel is managed via the QSC Networked Audio and Crestron control systems. Interfacing with the system are the conveniently located Crestron touch panels and Apple iPads for wireless operation.

The IPTV System commissioned by SKS Technologies services all 368 Guest Rooms providing the full suite of Free to Air TV, Foxtel Channels, DAB+ Digital Radio and a large selection of Movies on Demand. A rewarding installation for SKS Technologies, as the Westin relies on this business-critical audiovisual solution to assist, manage and promote their hotel.



DISCOVER A WORLD OF DIGITAL LITERACY AT THE **STATE LIBRARY VICTORIA**

SKS Technologies was very excited to be a part of the iconic Victorian State Library $88milion 2020 redevelopment project. Transforming Australia's oldest and busiest public library and also one of Victorians most important cultural institutions.

SKS Technologies provided the end-to-end audiovisual installation and worked with an international award-winning team, which combined the talents of Australasian design firm "Architectus" and Scandinavia's "Schmidt Hammer Lassen Architects".

At the heart of the Library's refurbishment is the incomparable heritage spaces, the creation of innovative new spaces for children and teenagers, and the reinvention of services as we embrace new audiovisual technologies and promote digital literacy and creativity for all Victorians.

Conveniently situated in the heart of Melbourne's CBD, the Library's conference centre includes the Village Roadshow Theatrette and many seminar spaces all equipped with creative technology.

Spacious and versatile, the venue features a large 6m x 4.5m media wall and fully integrated audio-visual equipment. Breakout areas are available in the contemporary Courtyard and the Experimedia venue features the latest audiovisual equipment, which creates a stunning setting for client entertaining, celebrations, presentations and conferences.

Whether you are organising a major conference, lecture or short meeting, the State Library Victoria now caters for every professional need. The new design provides a robust and reliable solution, which delivers seamless functionality for the multi-facet audiovisual requirements of this great institution.

SAFE AND SECURE AT **UNIVERSITY OF QUEENSLAND**

THE CHALLENGE

- University carpark
- Award winning design
- 449 car parks
- 165 LED weatherproof battens
- Seven-year maintenance free period
- Up to $55,000 savings over 10 years

THE SOLUTION

- Linear Q LED batten
- HiColour CRI>80
- IP66 protection rating ideal for outdoor all-weather locations
- IK10
- Seven-year-warranty

04

DIRECTORS' BIOGRAPHIES

PETER JINKS
EXECUTIVE CHAIRMAN & MANAGING DIRECTOR

Peter joined the Enevis board and management team in October 2012, and has specific responsibility for operations and administration, and he became Executive Chairman & Managing Director in March 2016.

Peter has more than 40 years' industry experience as a leader, manager, industry NECA council member, and executor of high level policy, resource, operational and strategic visions. Peter has vast experience in technical services, specifically in electrical, data, audiovisual consultation and management.

Peter co-founded the company KLM Group Limited with his brother Greg Jinks in 1981 and was Managing Director until August 2012. The brothers built KLM Group with an enviable reputation as one of Australia's foremost electrical and communications provider. KLM is acknowledged as a company with a technological edge which services the Construction, Defence, Government, Financial, Commercial and Infrastructure markets.

KLM was a small commercial electrical contracting business that in 20 years grew to achieve revenues of $36 million in 2003 when it listed on the ASX. By 2010 KLM had a turnover of $160 million and it was then acquired by ASX-listed Programmed.

GREG JINKS
EXECUTIVE DIRECTOR

Greg was appointed to the Enevis Board and Management team in October 2012. Greg has specific responsibility for Enevis strategic and business development.

Greg has more than 35 years' experience in the telecommunications sector particularly in electrical, data cabling networks, voice, laser, microwave wireless products and the supply of high tech audiovisual installations.

Co-founding KLM Group as a small commercial electrical contracting business with his brother Peter in 1981, the pair grew the business to have a turnover of $160 million in 2010 when it was acquired by ASX-listed Programmed. Greg played a pivotal role with his involvement in company's industry and government accreditations including vendor relationship management. KLM has 800+ employees and has become one of Australia's major communications and data network infrastructure contractors.

Greg is involved in current and emerging technologies which complements Enevis' growth strategy, focusing on core service offerings while integrating superior technological products.

TERENCE GRIGG
NON-EXECUTIVE DIRECTOR

Terence has 25 years' experience as an Executive Director of Ausfine Foods Pty Ltd, an importer and exporter of meat and dairy products.

He was previously a Director of Ansearch Limited, Richmond Football Club, Windermere Child and Family Services (not-for-profit), Position Partners Pty Ltd (Civil Construction & Infrastructure Services) and ESCA Australia Pty Ltd (Medical Research Stem Cells).

Terence has extensive knowledge and experience in purchasing, sales and marketing, import and export logistics, accounting and financial management, foreign currency hedging and mitigation and banking facility negotiation.

THOMAS KRULIS
NON-EXECUTIVE DIRECTOR

Thomas holds a B.Comm, LLB (UNSW) degree and worked as a Corporate Lawyer at Freehills in Sydney and as a Corporate Advisor at Australian Bank in Melbourne. Thomas was Joint Managing Director of Godfrey's before being appointed Chief Executive Officer and Managing Director of Godfreys Group Limited.

Thomas joined the Board in September 2017, and brings a strong corporate background combined with an extensive business network, which will be invaluable to the group in the years ahead.

IN ORDER TO ACCELERATE OUR DEVELOPMENT ACROSS MARKET SECTORS, NETWORKS AND CLIENT SOLUTIONS, OUR OBJECTIVE OVER THE COMING YEAR IS TO PURSUE THE GROUP'S STRATEGIC REPOSITIONING AND FOCUS ON EFFICIENT TECHNOLOGY OPPORTUNITIES, ASSOCIATED WITH NATIONAL ACQUISITION, PRODUCTS AND SOLUTIONS.

05

CORPORATE DIRECTORY

DIRECTORS

Peter Jinks
Terence Grigg
Greg Jinks
Tom Krulis

SECRETARY

Paul Miller

AUDITOR

Pitcher Partners

SOLICITORS

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452 Johnston Street
Abbotsford, Victoria 3067
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Melbourne Victoria 3001
Investor Enquiries 1300 850 505
Tel (03) 9415 4000

AUSTRALIAN BUSINESS NUMBER

24 004 554 929

RIALTO TOWERS

06

CONTENTS

FINANCIAL REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of Enevis Limited and the entities it controlled, for the financial year ended 30 June 2018 and auditor's report thereon.

DIRECTORS

The names of each of the directors of the company in office during or since the end of the financial year are set out below, together with their qualifications, experience and special responsibilities are shown below.

PETER JINKS
MANAGING DIRECTOR AND CHAIRMAN

Peter is Managing Director and Chairman of the Company and has specific responsibility for operations and administration. Peter co-founded the KLM Group with Greg Jinks in 1981 and has been involved in the management of the business from its inception. He has over thirty plus years experience in technical services, specifically in electrical, data and communication consultation and management. Peter was crucial to the positioning of the KLM Group as one of Australia's major communications and data network infrastructure contractors.

Peter was appointed as non-executive director and chairman in October 2012 and appointed as Managing Director on 8 March 2016. Peter Jinks has not been a director of any other listed companies during past three years.

GREG JINKS
EXECUTIVE DIRECTOR

Greg is Executive Director of the Company and has specific responsibility for strategy and business development. Greg was a cofounder of the KLM Group with Peter Jinks, and was a key driver of a business that became one of Australia's major communications and data network infrastructure contractors. Greg has more than twenty-five plus years experience in the telecommunications sector particularly in the area of cabling and infrastructure, voice and laser and microwave wireless products.

Greg was appointed as director of the Company in October 2012. Greg Jinks has not been a director of any other listed companies during past three years.

TERENCE GRIGG
NON EXECUTIVE DIRECTOR

Terence has 25 years experience as an Executive Director of Ausfine Foods Pty Ltd, an importer and exporter of meat and dairy products.

Terence was previously a Director of Ansearch Limited, Richmond Football Club, Windermere Child and Family Services (not for profit), Position Partners Pty Ltd (Civil Construction & Infrastructure Services) and ESCA Australia Pty Ltd (Medical Research Stem Cells).

Terence was appointed as director of the Company on 31 January 2017. Terence Grigg is also the Chairman and Non-executive Director of The Love Group Global Ltd an ASX listed entity.

THOMAS KRULIS
NON EXECUTIVE DIRECTOR
(appointed on 20 September 2017)

Thomas Krulis holds a B.Comm, LLB (UNSW) degree and worked as a Corporate Lawyer at Freehills in Sydney and as a Corporate Advisor at Australian Bank (now Australia and New Zealand Banking Group Ltd) in Melbourne.

Thomas was Joint Managing Director of Godfrey's before being appointed Chief Executive Officer and Managing Director of Godfreys Group Limited in November 2014. He later held a non-executive director position until his departure in March 2017. He is a Director of a number of privately held companies, including PetStock.

Thomas was appointed as a director of the Company on 20 September 2017. Thomas Krulis has not been a director of any other listed companies during past three years.

PAUL MILLER
COMPANY SECRETARY
(appointed 24 October 2017)

Paul is a Chartered Accountant and with more than 25 years of financial experience having been employed by the chartered accountancy firm PricewaterhouseCoopers in Australia and London for six years and has worked in a variety of finance and accounting based roles in both listed and unlisted companies. Paul held the position of Deputy Chief Financial Officer for Pharmaxis Ltd (an ASX listed entity) where he worked for 10 years with responsibility for all aspects of operational financial and tax management for the group.

Paul was appointed as company secretary of the Company on 24 October 2017.

Mr Hemant Amin, the former Company Secretary, resigned 1 November 2017.

REVIEW OF OPERATIONS

Full year sales have improved significantly with group trading revenues of $27,150,403 up 34% on the $20,239,474 in the previous corresponding period from the continuing business operations of the Company. The consolidated group made a loss after tax of $3,008,917 for the year ended 30 June 2018 compared to a restated loss of $1,806,402 in the previous corresponding period.

The result for the financial year has been adversely affected by the booking of an impairment provision related to the following items:

- Net impairment expense of $1,195,499 in relation to doubtful debts associated with the non-payment of a debt owing by McKnight's Electrical against a series of invoices rendered for goods and services completed related to the Stage 4 redevelopment of Geelong Simonds Stadium.
- Impairment against inventory lines assessed as slow moving and/or obsolete of $354,078.

In addition to the above asset write downs legal and professional costs were incurred on resolving a range of one-off matters, inclusive of the McKnight Electrical non-payment and the Research and Development (R&D) tax debt (as previously announced), plus costs associated with the acquisition of the Lumex Electrical Business and assets. These expenses totalled approximately $173,000.
The Group also invested in upgrading its IT systems to handle the planned growth in its operational base.

The loss for the year also reflects the impact of finance charges of $641,567 (2017: $722,989) which is reflective of the short and long term debt on the consolidated balance sheet. As addressed below, the Company undertook an equity raise post year end with part of the proceeds being applied to reducing this debt and consequently the finance charges moving forward.

On 15 December 2017, the Group completed the sale of its Dueltek Distribution business and associated business assets to Omega Power Equipment Pty Ltd. The sale formed part of a strategy to focus on the core Enevis business operations of audio visual and lighting solutions with the proceeds directed to supporting the working capital needs of those business units.

Attention is also drawn to note 29 – Correction of Prior Period Error. Due to an incorrect recognition of R&D Tax Incentive claims received which were recorded as income in the years ended 30 June 2016 and 30 June 2017, income in the years then ended was overstated. This error has been corrected by restating the prior year financial statement line items affected by the amounts as detailed in note 29.

The loss result for the full year was disappointing given the abnormal impairment and one-off charges outlined. However, the underlying revenue performance and project pipeline continue to grow strongly, and we look forward to a turnaround in the performance in the year ahead.

The company now employs 69 highly qualified staff across five states and is well placed to take advantage of growth opportunities as they arise.

PRINCIPAL ACTIVITIES

The principal business activity of Enevis is design, distribution and installation of lighting and audio visual products.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year.

On 15 December 2017, the Group completed the sale of its Dueltek Distribution business and associated business assets to Omega Power Equipment Pty Ltd. The sale formed part of a strategy to focus on the core Enevis business operations of audio visual and lighting solutions with the proceeds directed to supporting the working capital needs of those business units.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

DIVIDENDS

No dividends have been paid, declared or recommended but not paid by the company in respect of the year ended 30 June 2018 or the year ended 30 June 2017.

OPTIONS

Following Shareholder Approval at the 2017 Annual General Meeting 286,667 unlisted options were issued to Mr Peter Jinks and 286,667 unlisted options were issued to Mr Greg Jinks on the same terms (namely exercisable at 35 cents each expiring on 30 June 2019) as those issued to other shareholders who participated in the June 2017 share placement as outlined in the 2017 Financial Report.

SHARES UNDER OPTION

Unissued ordinary shares of Enevis Limited under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Exercise price of shares	Expiry date of the options
30 June 2017	1,735,496	$0.35	30 June 2019
1 November 2017	7,843,332	$0.35	30 June 2019

No option holder has any right under the options to participate in any other share issue of the company.

OUTLOOK

The Audio Visual (AV) Integration and LED lighting divisions continue their expansion with numerous large projects having been won and completed and many more in the pipeline. The AV division further expanded its operational points of presence with the commencement of trading in South Australia with the recruitment of an experienced management team.

Following the acquisition of the Lumex Electrical business and assets (as detailed below) the Company has actioned its acquisition strategy to find complementary businesses to add to its already proven organic growth story to become a major Australian provider of Energy Technology and Services.

The company intends to leverage its electrical and technology skill base to bring energy efficiency solutions to all its projects and deliverables and seek out new technologies that add to its vision and to differentiate itself from its competitors.

The year ahead looks extremely promising, there are a number of projects in the pipeline, and the company is well placed to take advantage of opportunities as they arise.

EVENTS SUBSEQUENT TO BALANCE DATE

Following Shareholder Approval at the Company's Extraordinary General Meeting (EGM) on 25 July 2018, the company changed its name from Stokes Limited to Enevis Limited and now trades on the Australian Securities Exchange under the ticker code of ENE. This new name more accurately describes our expanded focus within the energy efficiency-oriented technologies and services sector and aligns with the future strategic direction of the company (Enevis = Energy with Vision).

On 1 August 2018, the Company completed the acquisition of the Lumex Electrical business and assets under the Asset Sale Agreement between Scholz Industries Pty Ltd and Urban Lighting Group Pty Ltd, a wholly owned subsidiary of Enevis Limited. The Lumex business adds significantly to the Groups product portfolio with its Energy Efficiency, lighting controls and electrical accessories brands and brings an established revenue base and opportunities to leverage synergies across the groups customer base.

On 3 August 2018, the Company completed the initial round of its share placement to sophisticated and wholesale investors through the issue of 10.25 million Shares at $0.20 per new Share to raise $2.05 million, inclusive of the Director Placement (as approved at the EGM) for Mr Peter Jinks, Mr Greg Jinks and Mr Terry Grigg.

On 10 August 2018, the Company completed the final round of its share placement to sophisticated and wholesale investors through the issue of 7 million Shares at $0.20 per new Share to raise $1.4 million, inclusive of the Director Placement (as approved at the EGM) for Mr Thomas Krulis.

In total, the Company raised $3.45 million proceeds from the capital raise (gross of costs) that will be used to fund the working capital requirements of the expanded business, following completion of the acquisition of the Lumex Electrical business and assets, integration costs and retire debt.

Apart from the matters described above, the directors are not aware of any matters or circumstances which have occurred subsequent to balance date, that may significantly affect the operations or the state of affair of the Consolidated entity in future financial periods.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company or its controlled entities.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director) are as follows:

Director	Directors Meetings Eligible to attend	Attended
Peter Jinks	12	12
Greg Jinks	12	12
Terence Grigg	12	11
Thomas Krulis (Appointed on 20 September 2017)	9	8

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

Directors' relevant interests in shares of Enevis Limited or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:	Ordinary shares of Enevis Limited	Options over shares in Enevis Limited
Peter Jinks	5,019,167	759,917
Greg Jinks	5,019,167	759,917
Terence Grigg	71,500	10,750
Thomas Krulis	1,576,666	666,666

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The constitution of the company provides that, to the extent permitted by the *Corporations Act 2001* "every officer and employee of the company and its wholly-owned subsidiaries shall be indemnified out of the funds of the company (to the extent that the officer or employee is not otherwise indemnified) against all liabilities incurred as such an officer or employee, including all liabilities incurred as a result of appointment or nomination by the company or the subsidiary as a trustee or as an officer or employee of another corporation."

The directors of the company who held office during the past year, Peter Jinks, Greg Jinks, Terence Grigg and Thomas Krulis have the benefit of the above indemnity. The indemnity also applies to executive officers of the company who are concerned, or take part, in the management of the company.

The company has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report on page 57.

NON-AUDIT SERVICES

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners Melbourne, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by Enevis Limited and have been reviewed and approved by the Audit Committee to ensure they do not impact on 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*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Enevis Limited or any of its related entities, acting as an advocate for Enevis Limited or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of Enevis Limited or any of its related entities.

Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:	2018 $	2017 $
Taxation services	60,000	15,875
	60,000	**15,875**

STAFF

The Board appreciates the support it continues to have from the company's staff, and acknowledges, with thanks, the efforts they are all making to the growth of the company.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of Enevis Limited.

REMUNERATION PHILOSOPHY

Remuneration levels are set by the company in accordance with industry standards to attract and retain suitable qualified and experienced Directors and senior executives. The company has not engaged a remuneration consultant.

The company distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregated sum fixed by a general meeting of shareholders.

The Company has an executive service agreement with Mr Peter Jinks (Chairman and Chief Executive Officer) and employment agreements with each of its senior executives. There are no written agreements with the other directors.

The remuneration for executive Directors is currently not linked to the Company's financial performance or share price. None of the remuneration of the Directors listed below was considered at risk.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

Details of key management personnel

DIRECTORS	
Peter Jinks	Managing Director and Chairman
Greg Jinks	Executive Director
Terence Grigg	Non-Executive Director
Thomas Krulis	Non-Executive Director (appointed on 20 September 2017)

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

	Short-term	Post-employment	Total
	Salary and fees	Superannuation	
2018	$	$	$
Peter Jinks	224,152	20,908	245,060
Greg Jinks	245,400	–	245,400
Terence Grigg	30,000	–	30,000
Thomas Krulis (appointed on 20-09-2017)	25,000	–	25,000
Total	**524,552**	**20,908**	**545,460**
2017			
Peter Jinks	174,797	34,851	209,648
Greg Jinks	233,800	–	233,800
Terence Grigg (appointed on 31-01-2017)	12,500	–	12,500
Con Scrinis (resigned on 31-01-2017)	194,400	–	194,400
Total	**615,497**	**34,851**	**650,348**

CONSEQUENCES OF COMPANY'S PERFORMANCE ON SHAREHOLDER WEALTH

The following table summarises company performance and key performance indicators:

	2018	2017 Restated*	2016 Restated*	2015	2014	2013
Sales revenue	$27,150,403	$20,239,474	$15,415,780	$14,807,749	$15,440,182	$12,768,787
% increase in revenue	34%	31%	4%	-4%	21%	-10%
Profit/(loss) before tax	($3,008,917)	($1,806,402)	($1,022,704)	($3,573,694)	($146,614)	($3,224,970)
% increase in profit/(loss) before tax	(67%)	(77%)	71%	2,337%	(95%)	(331%)
Change in share price (%)	(33%)	(25%)	(18%)	23%	18%	143%
Dividend paid to shareholders	–	–	–	–	–	–
Return of capital ($)	–	–	–	–	–	–
Total remuneration of KMP	**$545,460**	**$650,348**	**$621,676**	**$572,700**	**$507,999**	**$505,594**
Total performance based remuneration	**–**	**–**	**–**	**–**	**–**	**–**

*Refer to Note 29 for additional information.

KEY MANAGEMENT PERSONNEL'S EQUITY HOLDINGS

(a) Number of options held by key management personnel

2018	**Balance 1 July 2017**	**Granted as remuneration**	**Options exercised**	**Acquisition on share purchase**	**Balance 30 June 2018**	**Balance held directly**	**Balance held indirectly**
Directors							
Peter Jinks	473,250	–	–	286,667	759,917	1,250	758,667
Greg Jinks	473,250	–	–	286,667	759,917	–	759,917
Terence Grigg	10,750	–	–	–	10,750	–	10,750
Thomas Krulis	–	–	–	666,666	666,666	–	666,666
	957,250	**–**	**–**	**1,240,000**	**2,197,250**	**1,250**	**2,196,000**

(b) Number of shares held by key management personnel

2018	**Balance 1 July 2017**	**Received as remuneration**	**Other changes (i)**	**Share purchases (approved at 2017 AGM)**	**Balance 30 June 2018**	**Balance held directly**	**Balance held indirectly**
Directors							
Peter Jinks	4,732,500	–	–	286,667	5,019,167	12,500	5,006,667
Greg Jinks	4,732,500	–	–	286,667	5,019,167	–	5,019,167
Terence Grigg	71,500	–	–	–	71,500	–	71,500
Thomas Krulis	–	–	1,576,666	–	1,576,666	–	1,576,666
	9,536,500	**–**	**1,576,666**	**573,334**	**11,686,500**	**12,500**	**11,674,000**

(i) Thomas Krulis was appointed as a Director on 20 September 2017 and at that time held 1,576,666 shares.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Moller Volanter, an entity related to Greg Jinks, provided an unsecured loan of $500,000, on normal commercial terms and conditions, during the year ended 30 June 2017. The loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on 31 October 2019 (or earlier at the company's discretion as amended on 27 February 2018). Post 30 June 2018, and following Shareholder Approval at the Extraordinary General Meeting (EGM) held on 25 July 2018, $200,000 of the $500,000 loan outstanding was converted to 1,000,000 ordinary shares at $0.20 cents per share being on the same terms as other sophisticated and wholesale investors who participated in the equity raise.

On 28 October 2016, Moller Volanter, an entity related to Greg Jinks, provided a secured loan of $1,000,000 for a term of two years, on normal commercial terms and conditions. This loan is secured by a second ranking fixed and floating charge over Enevis Limited. This loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on 31 October 2019 (or earlier at the company's discretion as amended on 27 February 2018). Post 30 June 2018, and following Shareholder Approval at the EGM held on 25 July 2018, the Company repaid $500,000 of the loan on 16 August 2018 and intends to repay the balance of $500,000 by 30 June 2019.

The Company paid interest cost of $150,000 to Moller Volanter during the financial year ended on 30 June 2018 (2017: $115,788). Key management personnel did not receive any share based compensation during the year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Enevis Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Enevis website at www.Enevis.com.au/corporate-governance.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING (AGM)

The company received 100% of 'for' votes in relation to its remuneration report for the year ended 30 June 2017. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2017 was carried as an ordinary resolution. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Signed on 31 August 2018 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Peter Jinks Director

31 August 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 (Restated*) $
Continuing Operations			
Revenue and other income			
Sales revenue	5(a)	27,150,403	20,239,474
Other income	5(b)	357	40,234
Total Revenue and other income		**27,150,760**	**20,279,708**
Expenses			
Cost of sales		(20,393,800)	(15,156,892)
Occupancy expenses	5(c)	(548,672)	(563,826)
Administration expenses		(6,727,523)	(5,516,572)
Depreciation and amortisation	5(c)	(147,461)	(156,112)
Impairment expense		(1,549,577)	–
Finance charges	5(c)	(641,567)	(722,989)
Total Expenses		**(30,008,600)**	**(22,116,391)**
Loss before income tax		**(2,857,840)**	**(1,836,683)**
Income tax expense	7	–	–
Loss after income tax from continuing operations		**(2,857,840)**	**(1,836,683)**
(Loss)/profit after income tax from discontinued operations	4	**(151,077)**	**30,281**
Loss for the year		**(3,008,917)**	**(1,806,402)**
Other Comprehensive Income		–	–
Total Comprehensive loss for the year		**(3,008,917)**	**(1,806,402)**
Loss attributable to: members of the Parent Entity		**(3,008,917)**	**(1,806,402)**
Loss per share from continuing operations (cents per share)			
Basic	19	**(6.82)**	(6.00)
Diluted	19	**(6.82)**	(4.85)
Earnings per share from discontinued operations (cents per share)			
Basic	19	**(0.36)**	0.10
Diluted	19	**(0.36)**	0.08

*Refer to Note 29 for additional information.

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 $	2017 (Restated*) $
Current Assets			
Cash and cash equivalents	23(a)	121,932	2,161,246
Trade and other receivables	8	5,116,069	5,435,819
Inventories	9	2,618,280	3,665,801
Other assets	10	93,002	132,832
Total Current Assets		**7,949,283**	**11,395,698**
Non-Current Assets			
Plant and equipment	11	479,896	552,540
Intangible Assets	12	801,549	923,327
Total Non-Current Assets		**1,281,445**	**1,475,867**
Total Assets		**9,230,728**	**12,871,565**
Current Liabilities			
Trade and other payables	13	5,396,530	3,910,065
Borrowings	14(a)	3,376,118	4,628,251
R&D tax incentive payable	15	2,524,819	2,425,561
Provisions – Employee benefits	16(a)	552,243	467,867
Total Current Liabilities		**11,849,710**	**11,431,744**
Non-Current Liabilities			
Borrowings	14(b)	349,251	1,562,551
Provisions – Employee benefits	16(b)	75,213	53,122
Total Non-Current Liabilities		**424,464**	**1,615,673**
Total Liabilities		**12,274,174**	**13,047,417**
Net Asset Deficiency		**(3,043,446)**	**(175,852)**
Equity			
Contributed equity	17	14,419,075	14,277,752
Accumulated losses	18	(17,462,521)	(14,453,604)
Total Equity		**(3,043,446)**	**(175,852)**

*Refer to Note 29 for additional information.

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		30,215,495	25,212,091
Receipt of R&D tax incentive and other revenue		353	1,274,307
Payments to suppliers and employees		(30,109,751)	(29,216,817)
Interest received		4	2,358
Finance costs		(495,566)	(574,976)
Net cash used in operating activities	23(d)	**(389,465)**	**(3,303,037)**
Cash flows from investing activities			
Payment for property, plant and equipment		(81,151)	(55,340)
Proceeds from sale of assets		768	5,000
Payment for business		–	(1,076,022)
Payment for purchase of Forlite brand		–	(150,000)
Proceeds from sale of business		787,642	–
Net cash provided by / (used in) investing activities		**707,259**	**(1,276,362)**
Cash flows from financing activities			
Proceeds from issue of shares		141,323	2,036,557
Proceeds from issue of unlisted convertible notes		–	400,000
Proceeds from borrowings		–	3,533,511
Repayments of borrowings		(1,162,537)	(111,580)
Repayment of convertible notes		(1,335,894)	–
Net cash (used in) / provided by financing activities		**(2,357,108)**	**5,858,488**
Net (decrease) / increase in cash held		**(2,039,314)**	**1,279,089**
Cash and cash equivalents at the beginning of the financial year		2,161,246	882,157
Cash and cash equivalents at the end of the financial year	23(a)	**121,932**	**2,161,246**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2016 (restated)*	10,426,352	(12,647,202)	(2,220,850)
Issue of shares to vendor of Artcraft Urban	600,000	–	600,000
Issue of shares	2,180,999	–	2,180,999
Issue of shares on conversion of Convertible Notes	1,214,843	–	1,214,843
Cost of issue of shares	(144,442)	–	(144,442)
Loss for the year	–	(1,806,402)	(1,806,402)
As at 30 June 2017 (restated)*	**14,277,752**	**(14,453,604)**	**(175,852)**

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2017	14,277,752	(14,453,604)	(175,852)
Issue of shares	172,000	–	172,000
Cost of issue of shares	(30,677)	–	(30,677)
Loss for the year	–	(3,008,917)	(3,008,917)
As at 30 June 2018	**14,419,075**	**(17,462,521)**	**(3,043,446)**

*Refer to Note 29 for additional information.

The above statement should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(A) BASIS OF PREPARATION

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers Enevis Limited and controlled entities as a consolidated entity. Enevis Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Enevis Limited's registered office and principal place of business is 53 Stanley Street, West Melbourne. Enevis Limited is a for-profit entity for the purpose of preparing the financial report.

The financial report of Enevis Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 31 August 2018.

Compliance with IFRS

The consolidated financial statements of Enevis Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non- controlling interests in the results of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Financial Position respectively.

(C) BUSINESS COMBINATIONS

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

(D) INTANGIBLES

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(c) for a description of how goodwill arising from a business combination is initially measured.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

(E) GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The group incurred a loss from continuing operations of $2,857,840 during the year ended 30 June 2018 (2017: $1,836,683). The group produced negative cash flows from operating activities for the year ended 30 June 2018 of $389,465 (2017: $3,303,037), in addition total liabilities exceed total assets by $3,043,446 and current liabilities exceed current assets by $3,900,427 as at 30 June 2018.

The ability of the Group to continue as a going concern is reliant on generating profits, improving cash flows from operating activities, managing debt levels, and the management of other cash flows within the Group's funding facilities.

Notwithstanding the above, the directors believe the going concern basis is appropriate due to the following factors

- The company completed a capital raise post year end and raised $3.28 million (net of costs) to fund working capital, integration costs and retirement of debt. As at the date of this report, and subsequent to year end, the Company repaid $700,000 of the Moller Volanter debt and $285,000 of the R&D Tax payable.
- The Group has prepared forward budget and cash flow projections which are based on increasing revenues from the expanding technologies division of lighting and audio-visual products and solutions which support improving cashflows from operating activities.
- The technology division is currently in a growth phase which has meant investment in people, facilities and equipment to allow for this growth. The directors expect that this investment which has already delivered significant growth will result in, not only further growth, but profitability and positive operating cash flows in the future.
- The Group has secured an in-principle settlement with the Australian Taxation Office for an orderly repayment of the R&D tax payable booked. Broadly, this will comprise a 10% upfront payment of the debt paid on 17 August 2018 with the balance to be paid in instalments over a three (3) year timeframe. This in-principle agreement enables the Group to manage repayment of this debt.

On the basis of the above the directors believe that the Group will continue as a going concern over the next 12 months and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amounts of the assets shown in the statement of financial position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the Statement of Financial Position.

(F) FINANCIAL INSTRUMENTS

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity 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 adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

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

Compound financial instruments

Compound financial instruments issued by the consolidated entity comprise convertible notes that are able to be converted to share capital at the option of the noteholder, and the number of shares to be issued will not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Interest, losses and gains relating to the financial liability component are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

For loans and receivables and held-to-maturity investments carried at amortised cost, impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at cost because a fair value cannot be reliably determined, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

(G) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Plant and equipment	over 3 to 10 years
Leased assets	over 3 to 10 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(H) BORROWING COSTS

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(I) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are accounted for as follows:

Raw materials – average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress – average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity 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.

(K) EMPLOYEE BENEFITS

i. Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

ii. Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

iii. Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits

iv. Retirement benefit obligations

Defined contribution superannuation plan

The consolidated entity makes superannuation contributions (currently 9.50% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(L) PROVISIONS

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(M) LEASES

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the consolidated entity's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(N) REVENUE

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer. Revenue from contracts is recognised by reference to the stage of completion. In circumstances where the provision of service occurs in advance of invoice, other receivables are recognised, while in other circumstances, customers invoiced in advance of provision of service unearned revenue is recognised, until the service is performed.

Government grants are recognised at fair value when there is reasonable certainty that the grant will be received and all grant conditions are met.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(O) INCOME TAX

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

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

Tax consolidation

Enevis Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 30 November 2009. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(P) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(Q) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(R) NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the consolidated financial statements.

(S) COMPARATIVES

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(T) ROUNDING OF AMOUNTS

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

(U) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AT 30 JUNE 2018

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 15 Revenue from contracts with customers

AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2016-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 and AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Management have undertaken a review of all revenue streams across the business and applied the requirements of the 5 step model across each revenue stream to identify the impact of the new revenue standard. Management has assessed the effects of applying the new standard on the group's financial statements and has identified that it will not have a material impact on the group.

The effective date is annual reporting periods beginning on or after 1 January 2018.

AASB 9 Financial Instruments

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

Management has assessed the implications of the new standard in particular the use of the 'simplified approach' to evaluate potential impairment of the Group's trade receivables. Based on management's assessment, implementation of AASB 9 on 1 July 2018 is not expected to have a material financial impact on the Group.

AASB 16 Leases

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019). AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The entity has disclosed its committed expenditure at Note 21 which comprises the operating leases currently committed to. Under AASB 16 these lease commitments would become 'on balance sheet' liabilities. In connection with this treatment a future right of use asset would also need to be recognised.

The effective date is annual reporting periods beginning on or after 1 January 2019.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 5.

Impairment of Goodwill

The recoverable amount of Goodwill is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectations for the future. The present value of future cash flows has been calculated using an average growth rate of 2.5% for cash flows in year two to five which is based on the historical average, a terminal value growth rate of 2.5% and a pre-tax discount rate of 12% to determine value-in-use.

Sensitivity analysis concluded that there would be no impact on the carrying value of the goodwill of Urban Lighting Group.

NOTE 3: RELATED PARTY DISCLOSURES

The following is a summary of transactions with directors and other related parties entered into throughout the financial year:

Moller Volanter, an entity related to Greg Jinks, provided an unsecured loan of $500,000, on normal commercial terms and conditions during the year ended 30 June 2017. This loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on 31 October 2019 (or earlier at the company's discretion).

On 28 October 2016, Moller Volanter, an entity related to Greg Jinks, provided a secured loan of $1,000,000 for a term of two years, on normal commercial terms and conditions. This loan is secured by a second ranking fixed and floating charge over Enevis Limited. This loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on 31 October 2019 (or earlier at the company's discretion).

The Company paid interest costs of $150,000 to Moller Volanter during the financial year ended on 30 June 2018 (2017: $115,788). Greg Jinks invoiced the company for directors fees of $245,400 (2017: $233,800) via his entity Lawson Group Inc.

NOTE 4: DISCONTINUED OPERATION

On 15 December 2017, the Company sold of its Dueltek Distribution business and associated business assets. The results of the discontinued operations for the current and comparative period are presented below:

	2018 $	2017 $
(i) Financial performance information		
Sales revenue	655,755	2,395,807
Expenses	(687,484)	(2,365,760)
Other income	17,894	234
Loss before income tax	(13,835)	30,281
Income tax expense	–	–
Loss after income tax from discontinued operations	**(13,835)**	**30,281**
Loss on disposal of the discontinued operations before income tax	(137,242)	–
Income tax expense	–	–
Loss on disposal of the discontinued operations before income tax	**(137,242)**	**–**
Profit/(loss) from discontinued operation	**(151,077)**	**30,281**
(ii) Cash flow information		
Net cash used in operating activities	(114,489)	(129,251)
Net cash from investing activities	787,642	(610)
Net cash used in financing activities	(704,350)	117,792
Net cash flow	**(31,197)**	**(12,069)**

Details of discontinued operation disposed	
Consideration received or receivable	994,318
Less: Net assets disposed of	(1,114,176)
Less: transaction costs to complete sale of business	(17,384)
Loss on disposal of discontinued operation before tax	(137,242)
Income tax expense	–
Loss on disposal of discontinued operation after tax	**(137,242)**

NOTE 5: INCOME AND EXPENSES

	2018 $	2017 Restated* $
(a) Sales revenue		
Sales revenue	**27,150,403**	**20,239,474**
(b) Other income		
Interest revenue	4	2,358
Profit on sale of assets	–	1,149
Sundry income	353	36,727
Total other income	**357**	**40,234**
Total revenue and other income	**27,150,760**	**20,279,708**
(c) Expenses		
Finance Costs:		
Interest – other loans	583,470	359,816
Interest – Unlisted Convertible notes	40,000	26,959
Interest – Listed Convertible notes	–	255,072
Amortisation of deferred borrowing cost	18,097	81,142
	641,567	**722,989**
Depreciation and amortisation of non–current assets:		
Plant and equipment	147,461	156,112
Operating lease expenses	548,672	563,826
Employee Benefits:		
Wages	6,217,379	4,551,185
Superannuation	566,461	465,920

* Refer to Note 29 for additional information.

NOTE 6: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of Directors

Peter Jinks	Managing Director and Chairman
Greg Jinks	Executive Director
Terence Grigg	Non Executive Director
Thomas Krulis (appointed 20-09-2017)	Non Executive Director

(b) Remuneration by Category: Directors and Executives	**2018 $**	**2017 Restated * $**
Short-term employee benefits	524,552	615,497
Long-term employee benefits	–	–
Post-employment Employee benefits	20,908	34,851
Total	**545,460**	**650,348**

NOTE 7: INCOME TAX

(a) Prima facie tax benefit/expense on profit/(loss) before income tax is reconciled to the income tax expense as follows:

(Loss) before income tax	(3,008,917)	(1,806,402)
Prima facie income tax payable / (benefit) on profit/(loss) before		
Income tax at 30% (2017: 30%)	(902,675)	(541,921)
Add tax effect of:		
Temporary differences and tax losses not brought to account as deferred tax assets	902,675	541,921
Income tax expense	**–**	**–**

* Refer to Note 29 for additional information.

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

Trade debtors	5,669,294	5,269,963
Impairment loss	(1,253,620)	(31,955)
Other receivables	700,395	197,811
	5,116,069	**5,435,819**
Movements in the provision for impairment were:		
Opening balance at 1 July	(31,955)	(27,671)
Charge for the year	(1,241,635)	(4,284)
Amounts written off	19,970	-
Closing balance at 30 June	**(1,253,620)**	**(31,955)**

Trade receivables ageing analysis at 30 June is	**Gross 2018**	**Impairment 2018 $**	**Gross 2017**	**Impairment 2017 $**
Not past due	2,192,492	–	1,774,078	–
Past due 0–30 days	1,653,776	–	2,044,291	–
Past due 31–60 days	107,540	–	917,328	–
Past due more than 60 days	1,715,486	(1,253,620)	534,266	(31,955)
	5,669,294	**(1,253,620)**	**5,269,963**	**(31,955)**

NOTE 9: INVENTORIES

	2018 $	2017 $
Finished goods	2,618,280	3,665,801
At lower of cost and net realisable value	**2,618,280**	**3,665,801**

NOTE 10: OTHER CURRENT ASSETS

Prepayments and other assets	93,002	132,832

NOTE 11: PLANT & EQUIPMENT

Plant and equipment		
At cost	1,027,154	1,002,568
Accumulated depreciation	(547,258)	(450,028)
	479,896	**552,540**

(a) Reconciliation of carrying amounts at the beginning and end of the period

Plant and equipment		
Carrying value as at 1 July	552,540	507,629
Additions	81,151	55,340
Assets acquired on acquisition of Artcraft	–	172,167
Disposals	(521)	(3,851)
Assets disposed on sale of Dueltek (i)	(4,349)	–
Depreciation expense	(148,925)	(178,745)
Carrying value as at 30 June	**479,896**	**552,540**

(i) Disposal of Dueltek

On 15 December 2017, the Company sold its Dueltek Distribution business and associated business assets.

NOTE 12: INTANGIBLE ASSETS

Goodwill at cost (a)	651,549	773,327
Brand name – Forlite	150,000	150,000
	801,549	**923,327**

(a) Reconciliation of carrying amounts at the beginning and end of the period

Goodwill		
Carrying value as at 1 July	773,327	121,778
Goodwill on acquisition of Artcraft Urban	–	651,549
Goodwill on disposal of Dueltek (i)	(121,778)	–
Carrying value as at 30 June	**651,549**	**773,327**

(i) Disposal of Dueltek

On 15 December 2017, the Company sold its Dueltek Distribution business and associated business assets.

NOTE 13: CURRENT TRADE AND OTHER PAYABLES

	2018 $	2017 Restated * $
Trade payables (a)	3,886,548	3,189,471
Accrued expenses	387,237	186,383
Other payables	432,271	190,510
Unearned revenue	690,474	343,701
	5,396,530	**3,910,065**

(a) Trade payables are non-interest bearing and are normally settled on 60-day terms

NOTE 14: BORROWINGS

(a) Current		
Secured:		
Bank and other loans (i)	1,662,639	2,676,843
Lease finance (ii)	113,479	115,514
Borrowing from Moller Volanter (v)	1,000,000	–
Unsecured:		
Convertible Notes – listed (iii)	–	1,335,894
Convertible Notes – unlisted (vi)	400,000	–
Borrowing from Moller Volanter (iv)	200,000	500,000
	3,376,118	**4,628,251**
(b) Non Current		
Secured:		
Lease finance (ii)	49,251	162,551
Borrowing from Moller Volanter (v)	–	1,000,000
Unsecured:		
Borrowing from Moller Volanter (iv)	300,000	–
Convertible Notes – unlisted (vi)	–	400,000
	349,251	**1,562,551**

(i) Secured bank and other loans are secured by a fixed and floating charge over Enevis Limited, SKS Technologies Pty Ltd, Dueltek Pty Ltd and Urban Lighting Group Pty Ltd.

(ii) Both current and non-current finance leases were secured by assets acquired utilising finance lease facilities.

(iii) The listed Convertible Notes were a 3 year financial instrument and were redeemed on 4 July 2017. The Convertible Notes bore interest at a fixed rate of 10% per annum payable quarterly in arrears. In addition, Noteholders were entitled to receive 1 new option for every 2 new shares issued upon conversion of the Convertible Notes.

(iv) Unsecured loan from Moller Volantor Pty Ltd, an entity related to Greg Jinks. This loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on 31 October 2019 (or earlier at the company's discretion). Following Shareholder Approval at the Company's Extraordinary General Meeting (EGM) held on 25 July 2018, $200,000 (of the current $500,000 outstanding balance) of the loan was converted into fully paid ordinary shares via the subscription of $200,000 for 1,000,000 shares by an entity associated with Greg Jinks at a price of $0.20 per share.

(v) Secured loan from Moller Volanter Pty Ltd, an entity related to Greg Jinks, is secured by a second ranking fixed and floating charge over Enevis Limited. This loan bears interest at a fixed rate of 10% per annum payable monthly in arrears, to be repaid in full on or before 31 October 2019 (or earlier at the company's discretion). Following Shareholder Approval at the Company's EGM held on 25 July 2018, a share placement of Shares to sophisticated investors was approved based on the presented use of funds as outlined in the accompanying Notice of Meeting. The use of funds included provision to repay the secured loan in full. The Company repaid $500,000 of the loan on 16 August 2018 and intends to repay the balance of $500,000 by 30 June 2019.

* Refer to Note 29 for additional information.

(vi) The unlisted Convertible Notes are a 2 year financial instrument. These Convertible Notes bear interest at a fixed rate of 10% per annum payable quarterly in arrears and due for redemption on 28 October 2018. Following Shareholder Approval at the Company's EGM on 25 July 2018, the Company is able to offer each Noteholder the choice to elect to accept or reject a proposal that the Conversion Price of each Convertible Note be amended from the current 37 cents per note, such that it becomes equal to a 20% discount to the volume weighted average price of the Shares as traded on the Australian Securities Exchange for the 20 Trading Days (Victoria) (20 Business Day VWAP) immediately prior to 28 October 2018 (provided that the 20 Business Day VWAP cannot be less than 25 cents per Share) (New Conversion Price). The expiry dates and other terms of the Convertible Notes will remain unchanged, including, without limitation, the Noteholder's entitlement to redeem the Notes on the Redemption Date.

NOTE 15: R&D TAX INCENTIVE PAYABLE

	2018 $	2017 Restated * $
R&D Tax Incentive Payable	**2,524,819**	**2,425,561**

Following realisation that the project forming the basis of the Research & Development (R&D) expenditure claims for the 2015 and 2016 financial years was not eligible in the first instance for R&D registration, Enevis made a voluntary disclosure to the Australian Taxation Office (ATO) to amend its historic claims in full, requiring it to repay the cash refunds received totalling $2,332,681 and associated interest charges (Debt).

The company reached an in-principle agreement with the ATO for an orderly repayment of the Debt which broadly comprises a 10% upfront payment (made on 17 August 2018) with the balance to be repaid over a three (3) year timeframe. The terms of this agreement remain to be formalised by written documentation with the ATO.

* Refer to Note 29 for additional information.

NOTE 16: PROVISION – EMPLOYEE BENEFITS

	2018 $	2017 $
Balance at 1 July	520,989	284,108
Provision for the year	555,226	573,921
Amounts used	(448,759)	(337,040)
Balance as at 30 June	**627,456**	**520,989**
(a) Employee benefits – Current	552,243	467,867
(b) Employee benefits – Non Current	75,213	53,122
	627,456	**520,989**

NOTE 17: CONTRIBUTED EQUITY

Balance as at 1 July	14,277,752	10,426,352
Issue of shares to vendor of Artcraft Urban	–	600,000
Issue of shares	172,000	2,180,999
Cost of issue of shares	(30,677)	(144,442)
Issue of shares on conversion of Convertible Notes	–	1,214,843
Balance as at 30 June	**14,419,075**	**14,277,752**

	2018 No of Shares	2017 No of Shares
Balance as at 1 July	41,513,880	29,151,281
Issue of shares to vendor of Artcraft Urban	–	1,621,622
Issue of shares	573,334	7,269,998
Issue of shares on conversion of Convertible Notes	–	3,470,979
Balance as at 30 June	**42,087,214**	**41,513,880**

Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

Options

The Company has issued 1,735,496 options, exercisable at $0.35 per share and expiring on 30 June 2019 to Convertible Noteholders as per the terms of Convertible Notes issued in May 2014.

The Company has issued 7,843,332 unlisted options, exercisable at $0.35 per share and expiring on 30 June 2019 to investors who participated in the placement of shares in June 2017, after obtaining shareholders' approval at the 2017 Annual General Meeting of Shareholders.

NOTE 18: ACCUMULATED LOSSES

	2018 $	2017 Restated* $
Balance at beginning of year	(14,453,604)	(12,647,202)
Net (Loss)	(3,008,917)	(1,806,402)
Balance at end of year	**(17,462,521)**	**(14,453,604)**

NOTE 19: LOSS PER SHARE

	2018 $	2017 Restated* $
Reconciliation of earnings used in calculating earnings per share:		
(Loss) from continuing operations	(2,857,840)	(1,836,683)
(Loss) / profit from discontinued operations	(151,077)	30,281
(Loss) / profit used in the calculation of basic loss per share	**(3,008,917)**	**(1,806,402)**
(Loss) used in calculating diluted earnings per share	(3,008,917)	(1,806,402)
Adjustments:		
Interest on convertible notes – listed	–	255,072
Earnings used in calculating diluted earnings per share	**(3,008,917)**	**(1,551,330)**

	2018 No of Shares	2017 No of Shares
Weighted average number of ordinary shares used in calculating basic earning per share	41,894,008	30,612,240
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	41,894,008	37,880,093

Subsequent to year end, there were various share issues which are detailed at Note 27.

* Refer to Note 29 for additional information.

NOTE 20: PARENT ENTITY DISCLOSURE

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

	2018 $	2017 Restated * $
Statement of Financial Position		
Current assets	1,472,457	5,388,456
Non current assets	45,869	35,033
Total assets	**1,518,326**	**5,423,489**
Current liabilities	4,556,856	4,197,758
Non current liabilities	4,916	1,401,183
Total liabilities	**4,561,772**	**5,598,941**
Shareholders equity		
(i) Issued capital	14,419,075	14,277,752
(ii) Accumulated losses	(17,462,521)	(14,453,204)
Statement of Comprehensive Income		
Net loss	(3,009,317)	(1,880,486)
Total comprehensive income	(3,009,317)	(1,880,486)
Guarantees		
Guarantees provided by parent entity in relation to the debts of the subsidiaries	2,299,394	3,404,212

* Refer to Note 29 for additional information.

NOTE 21: COMMITMENTS FOR EXPENDITURE

Non-cancellable operating leases:		
Property: (i)		
Not later than one year	462,681	467,524
Later than one year but not later than two years	295,292	361,661
Later than two years but not later than five years	32,774	217,478
	790,747	**1,046,663**
Plant and equipment: (ii)		
Not later than one year	92,411	45,030
Later than one year but not later than two years	91,381	45,030
Later than two years but not later than five years	238,447	123,397
	422,239	**213,457**
	1,212,986	**1,260,120**

Leasing Arrangements

(i) The consolidated entity leases a number of premises throughout Australia. The initial rental period of each lease agreement varies between two and five years with renewal options ranging from none to five years. The majority of lease agreements are subject to rental adjustments, some annually or bi-annually, in line with market rates, Consumer Price Index or fixed increases. The Company has provided bank guarantees for a value of $100,414 as rental bonds for leasing of premises.

(ii) Relates to leased motor vehicles, photocopier & printers, are for a fixed period, at a fixed rate with no renewal options.

NOTE 22: CONTROLLED ENTITIES

Name of Company	Country of Incorporation	Percentage Owned 2018	Percentage Owned 2017
Parent Entity			
Enevis Limited *	Australia		
Controlled Entities			
SKS Technologies Pty Ltd **	Australia	100%	100%
SKS Technologies Construction Pty Ltd ***	Australia	100%	100%
Urban Lighting Group Pty Ltd	Australia	100%	100%
Dueltek Pty Ltd	Australia	100%	100%
AWR (135761027) Pty Ltd ****	Australia	–	100%

* Enevis Limited formerly known as Stokes Limited

** SKS Technologies Pty Ltd formerly known as Stokes Technologies Pty Ltd

*** SKS Technologies Construction Pty Ltd was incorporated on 23 February 2018

**** AWR (135761027) Pty Ltd was deregistered on 20 April 2018

NOTE 23: STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash in hand	–	613
Cash at bank	2,907	2,017,304
Deposits	119,025	143,329
	121,932	**2,161,246**
(b) Financing Facilities:		
Maximum available subject to (c) (ii) below		
Bank and other loans	4,000,000	4,000,000
Overdraft	–	–
	4,000,000	**4,000,000**
(c) Facilities in use at the end of the financial year		
Bank and other loans (i)	1,662,639	2,676,843
	1,662,639	**2,676,843**

(i) At the date of this report, the financier continues to provide debtor finance facilities. Debtor finance are secured against the trade receivables.

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

	2018 $	2017 Restated* $
Net loss after income tax	(3,008,917)	(1,806,402)
Loss/(profit) on sale of assets	137,242	(1,149)
R&D tax incentive restatement	–	1,274,307
Depreciation of plant and equipment	148,925	178,745
Amortisation of deferred borrowing costs	18,097	81,142
Impairment expense	1,549,577	–
Finance costs capitalised	132,251	74,033
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(695,239)	272,626
Current inventories	(315,698)	(1,066,883)
Other current assets	39,830	(57,372)
Increase/(decrease) in liabilities:		
Trade and other payables	1,486,465	(2,317,134)
Provisions	118,002	65,050
Net cash (used in) operating activities	**(389,465)**	**(3,303,037)**

* Refer to Note 29 for additional information.

NOTE 24: ACQUISITION OF BUSINESS

Acquisition of controlled entities – Prior period

On 28 October 2016, the Group completed the acquisition of Street lighting business Artcraft Urban Group (AUG). The acquisition was subject to earnings hurdles to be tested at the end of 6 months and 12 months from the date of acquisition. The AUG business failed to meet the earnings hurdle criteria and accordingly no payments were required. Details of this business combination was disclosed in Note 23 of the consolidated entity's annual financial statements for the year ended 30 June 2017.

Acquisition of Business Assets – Post year end

On 1 August 2018, the Group completed the acquisition of the Lumex Electrical business and assets under the Asset Sale Agreement (ASA) between Scholz Industries Pty Ltd (Seller) and Urban Lighting Group Pty Ltd, a wholly owned subsidiary of Enevis Limited. Determination of the fair value of assets and liabilities acquired as well as any resulting goodwill on acquisition is still being calculated as at the date of this report.

Consideration paid

In accordance with the terms of the ASA, the company issued 5,587,547 new shares in the company (Up-Front Shares) to the seller on 1 August 2018.

Contingent consideration

The ASA provided for the issue of up to a further 4,000,000 fully paid ordinary shares in the capital of the company over a period of approximately 2 years following completion under the ASA (Deferred Shares), subject to:

(a) the following performance hurdles being satisfied:

(i) Up to 1,000,000 shares to be issued following the financial year ending 30 June 2019 (FY19), calculated on a sliding scale subject to the Lumex business achieving minimum revenues of greater than $11.2 million (upper target $14 million) and a minimum EBITDA contribution of $1.12 million in FY19 (Tranche 1); and

(ii) Up to 1,000,000 shares to be issued following the financial year ending 30 June 2019, calculated on a sliding scale subject to the Lumex business achieving a minimum EBITDA of greater than $1.12 million (upper target of $1.4 million) (Tranche 2); and

(iii) Up to 1,000,000 shares to be issued following the financial year ending 30 June 2020 (FY20), calculated on a sliding scale subject to the Lumex business achieving minimum revenues of greater than $15.2 million (upper target $19 million) and a minimum EBITDA contribution of $1.52 million in FY20 (Tranche 3); and

(iv) Up to 1,000,000 shares to be issued following the financial year ending 30 June 2020, calculated on a sliding scale subject to the Lumex business achieving a minimum EBITDA of greater than $1.52 million (upper target of $1.9 million) (Tranche 4).

Enevis has obtained a waiver from the Australian Securities Exchange to permit these tranches to be issued over this period.

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, finance leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the policy of the consolidated entity to regularly review foreign currency exposures. The degree to which the foreign exchange risk is managed will vary depending on circumstances that prevail at the time the risk is known or anticipated. There are no foreign currency contracts outstanding at the reporting date (2017: Nil).

The group hold no financial assets or liabilities at fair value.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The group monitors its exposure to interest rate risk as part of its capital and cash management. Refer Note 14 for more details.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligation as they fall due. The entity's approach in managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant concentrations of credit risk (on a net basis after recognising impairment losses) that arise from exposures to a single debtor or to a group of debtors having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis concluded there would be no material impact on fair values of financial assets and liabilities.

(c) Financial Risk Management

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017 Restated*	2018	2017	2018	2017	2018	2017 Restated*
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables	(5,396,530)	(3,910,065)	–	–	–	–	(5,396,530)	(3,910,065)
Bank loans	(1,662,639)	(2,676,843)	–	–	–	–	(1,662,639)	(2,676,843)
Lease finance	(113,479)	(115,514)	(49,251)	(162,551)	–	–	(162,730)	(278,065)
Borrowing from Moller Volanter – secured	(1,000,000)	–	–	(1,000,000)	–	–	(1,000,000)	(1,000,000)
Borrowing from Moller Volanter – unsecured	(200,000)	(500,000)	(300,000)	–	–	–	(500,000)	(500,000)
R&D Tax Incentive Payable	(2,524,819)	(2,425,561)	–	–	–	–	(2,524,819)	(2,425,561)
Convertible Notes – unlisted	(400,000)	–	–	(400,000)	–	–	(400,000)	(400,000)
Convertible Notes – listed	–	(1,335,894)	–	–	–	–	–	(1,335,894)
Total contractual outflows	**(11,297,467)**	**(10,963,877)**	**(349,251)**	**(1,562,551)**	**–**	**–**	**(11,646,718)**	**(12,526,428)**
Financial assets – cash flows realisable								
Cash and cash equivalents	121,932	2,161,246	–	–	–	–	121,932	2,161,246
Trade and other receivables	5,116,069	5,435,819	–	–	–	–	5,116,069	5,435,819
Total anticipated inflows	**5,238,001**	**7,597,065**	**–**	**–**	**–**	**–**	**5,238,001**	**7,597,065**

* Refer to Note 29 for additional information.

(d) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2018:

	Weighted average interest rate	Variable interest rate	Fixed Interest Rate Maturity		Non-interest bearing	Total
	%		Less than 1 year	2 to 5 years		
Year ended 30 June 2018						
Financial Assets						
Cash and cash equivalents	2.3	121,932	–	–	–	121,932
Current receivables	–	–	–	–	5,116,069	5,116,069
		121,932	**–**	**–**	**5,116,069**	**5,238,001**
Financial Liabilities						
Trade and other payables	–	–	–	–	5,396,530	5,396,530
Bank and other loans	9.55	1,662,639	113,479	49,251	–	1,825,369
Borrowings from Moller Volanter – secured	10.0	–	1,000,000	–	–	1,000,000
Borrowings from Moller Volanter – unsecured	10.0	–	200,000	300,000	–	500,000
R&D Tax Incentive Payable	4.7	–	2,524,819	–	–	2,524,819
Convertible Notes – unlisted	10.0	–	400,000	–	–	400,000
		1,662,639	**4,238,298**	**349,251**	**5,396,530**	**11,646,718**
Year ended 30 June 2017 (restated*)						
Financial Assets						
Cash and cash equivalents	0.61	1,940,254	–	–	220,992	2,161,246
Current receivables	–	–	–	–	5,435,819	5,435,819
		1,940,254	**–**	**–**	**5,656,811**	**7,597,065**
Financial Liabilities						
Trade and other payables	–	–	–	–	3,910,065	3,910,065
Bank and other loans	9.45	2,676,843	115,514	162,551	–	2,954,908
Borrowings from Moller Volanter – secured	10.0	–	–	1,000,000	–	1,000,000
Borrowings from Moller Volanter – unsecured	10.0	–	500,000	–	–	500,000
R&D Tax Incentive Payable	4.7	–	2,425,561	–	–	2,425,561
Convertible Notes – unlisted	10.0	–	–	400,000	–	400,000
Convertible Notes – listed	10.0	–	1,335,894	–	–	1,335,894
		2,676,843	**4,376,969**	**1,562,551**	**3,910,065**	**12,526,428**

* Refer to Note 29 for additional information.

(e) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

NOTE 26: REMUNERATION OF AUDITORS

Auditors of the Parent Entity and Group entities Amounts received or due and receivable by auditors for:

	2018 $	2017 $
Audit or review of the financial report of the entity	96,500	106,450
Taxation services	60,000	15,875
	156,500	**122,325**

NOTE 27: EVENTS AFTER THE BALANCE SHEET DATE

Following Shareholder Approval at the Company's Extraordinary General Meeting (EGM) on 25 July 2018, the company changed its name from Stokes Limited to Enevis Limited and now trades on the Australian Securities Exchange under the ticker code of ENE. This new name more accurately describes our expanded focus within the energy efficiency-oriented technologies and services sector and aligns with the future strategic direction of the company.

On 1 August 2018, the Company completed the acquisition of the Lumex Electrical business and assets under the Asset Sale Agreement between Scholz Industries Pty Ltd and Urban Lighting Group Pty Ltd, a wholly owned subsidiary of Enevis Limited. The Lumex business adds significantly to the Groups product portfolio with its Energy Efficiency, lighting controls and electrical accessories brands and brings an established revenue base and opportunities to leverage synergies across the groups customer base.

On 3 August 2018, the Company completed the initial round of its share placement to sophisticated and wholesale investors through the issue of 10.25 million Shares at $0.20 per new Share to raise $2.05 million, inclusive of the Director Placement (as approved at the EGM) for Mr Peter Jinks, Mr Greg Jinks and Mr Terry Grigg.

On 10 August 2018, the Company completed the final round of its share placement to sophisticated and wholesale investors through the issue of 7 million Shares at $0.20 per new Share to raise $1.4 million, inclusive of the Director Placement (as approved at the EGM) for Mr Thomas Krulis.

In total, the Company raised $3.45 million proceeds from the capital raise (gross of costs) that will be used to fund the working capital requirements of the expanded business, following completion of the acquisition of the Lumex Electrical business and assets, integration costs and retire debt.

Apart from the above, the directors are not aware of any other matters or circumstances which have occurred subsequent to balance date, that may significantly affect the operations of the consolidated entity in future financial periods.

NOTE 28: OPERATING SEGMENT

The Group operates predominantly in Australia, in the lighting and audio-visual markets which is regarded as a single segment, hence there is no information on operating segments provided in this report.

NOTE 29: CORRECTION OF PRIOR PERIOD ERROR

Due to an incorrect recognition of R&D Tax Incentive claims received which were recorded as income in the years ended 30 June 2016 and 30 June 2017, income in the years then ended was overstated.

This error was corrected by restating the prior year financial statement line items affected by the amounts as detailed below:

Impact on the statement of profit and loss and other comprehensive income for the year ended 30 June 2016

	30-Jun-16 as Reported	Restatements	30-Jun-16 Restated
Other Income	1,110,427	(1,058,374)	52,053
Finance costs	(423,630)	(18,847)	(442,477)
Net profit/(loss) for the year	**54,517**	**(1,077,221)**	**(1,022,704)**
Total comprehensive income for the year	**54,517**	**(1,077,221)**	**(1,022,704)**
EPS – continuing operations:			
Basic	(5.12)	(3.70)	(8.82)
Diluted	(4.10)	(2.95)	(7.05)

Impact on the statement of financial position as at 30 June 2016

	30-Jun-16 as Reported	Restatements	30-Jun-16 Restated
R&D tax incentive payable	–	1,077,221	1,077,221
(Net Asset Deficiency)	**(1,143,629)**	**(1,077,221)**	**(2,220,850)**
Accumulated losses	(11,569,981)	(1,077,221)	(12,647,202)
Total equity	**(1,143,629)**	**(1,077,221)**	**(2,220,850)**

Impact on the statement of changes in equity for the year ended 30 June 2016

	30-Jun-16 as Reported	Restatements	30-Jun-16 Restated
Accumulated losses	(11,569,981)	(1,077,221)	(12,647,202)
Total equity	(1,143,629)	(1,077,221)	(2,220,850)

Impact on the statement of profit and loss and other comprehensive income for the year ended 30 June 2017

	30-Jun-17 as Reported	Restatements	30-Jun-17 Restated
Other Income	1,314,541	(1,274,307)	40,234
Finance costs	(648,956)	(74,033)	(722,989)
Net (loss) for the year from continuing operations	**(488,343)**	**(1,348,340)**	**(1,836,683)**
Total comprehensive income for the year	**(458,062)**	**(1,348,340)**	**(1,806,402)**
EPS – continuing operations:			
Basic	(1.50)	(4.40)	(6.00)
Diluted	(0.54)	(4.31)	(4.85)

Impact on the statement of financial position as at 30 June 2017

	30-Jun-17 as Reported	Restatements	30-Jun-17 Restated
R&D tax incentive payable	–	2,425,561	2,425,561
Net Assets / (Net Asset Deficiency)	**2,249,709**	**(2,425,561)**	**(175,852)**
Accumulated losses	(12,028,043)	(2,425,561)	(14,453,604)
Total equity	**2,249,709**	**(2,425,561)**	**(175,852)**

Impact on the statement of changes in equity for the year ended 30 June 2017

	30-Jun-17 as Reported	Restatements	30-Jun-17 Restated
Accumulated losses	(12,028,043)	(2,425,561)	(14,453,604)
Total equity	2,249,709	(2,425,561)	(175,852)

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The directors declare that

1. In the director's opinion the financial statements and notes thereto, as set out on pages 28 to 55 are in accordance with the Corporations Act 2001, including:
   (a) complying with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
   (b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
   (c) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2018 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Enevis Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2018.

This declaration is made in accordance with a resolution of the directors.

Peter Jinks
Director

Melbourne
31 August 2018

PITCHER PARTNERS

ENEVIS LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ENEVIS LIMITED

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

D A KNOWLES
Partner

31st August 2018

PITCHER PARTNERS
Melbourne

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Level 13, 664 Collins Street, Docklands VIC 3008
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PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT

To the members of Enevis Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Enevis Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(e) in the financial report, which indicates that the Group incurred a net loss from continuing operations of $2,857,840, produced negative cash flows from operating activities of $389,465 during the year ended 30 June 2018, in addition total liabilities exceed total assets by $3,043,446 and current liabilities exceed current assets by $3,900,427 as at 30 June 2018.

As stated in Note 1(e), these events or conditions, along with other matters as set forth in Note 1 (e), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - Restatement of Comparatives

We draw attention to Note 29 of the financial report, which describes the restatement of the comparative figures due to a change in the recognition of an R&D Tax Incentive claim. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Going Concern basis of accounting Refer to Note 1(e)	
The Group incurred a net loss from continuing operations of $2,857,840, produced negative cash flows from operating activities of $389,465 during the year ended 30 June 2018, in addition total liabilities exceed total assets by $3,043,446 and current liabilities exceed current assets by $3,900,427 as at 30 June 2018. The Directors have continued to adopt the going concern basis of accounting in preparing the financial statements, having taken account of; - Completion of a capital raise post year-end of $3.28M (net of costs); - The acquisition of the Lumex business post year-end; - Budget and cash flow projections which are based on increasing revenues; - The current growth phase of the technology division and expected future growth; - The availability of ongoing finance facilities; - The securing of an in-principal settlement with the Australian Tax Office for repayment of debt over a three (3) year timeframe We consider the application of the going concern basis of accounting to be a key audit matter because of the range of potential indicators of concern as outlined above, and the potential impact of applying the going concern basis of accounting incorrectly which could result in a significant impact on the presentation of the financial statements.	Our procedures included, amongst others: • Obtaining an understanding of the controls relevant to determining the applicability of the going concern basis of accounting; • Reviewing the post year-end transactions including agreeing the capital raise to supporting documentation; and • Considering the adequacy of the financial report disclosures. In relation to the Director's cash flow projections, we paid particular attention to the key assumptions and judgements made by the Directors. Our procedures in relation to these cash flow projections included, amongst others: • Confirming that the budget and cash flow forecast prepared by management was approved by the Board • Considering the key assumptions adopted by management; • Appling sensitivities to the forecasts, in particular, key assumptions and judgements in relation to expenses and forecast growth in revenues; • Appling sensitivities to assumptions in relation to growth in the technology division; and • Reviewing terms and availability of debt and finance facilities and checking compliance therewith, as well as applying sensitivities to timing of forecast debt repayments.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(n) and Note 5	
The Group's revenue is primarily derived from the sale of products and provision of services in relation to audio-visual and lighting projects. Certain revenue is recognised based on the stage of completion of individual contracts, which is calculated based on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. The accurate recognition of this revenue is dependent on management estimates of the stage of completion of the contract. Revenue from the provision of services and sales of products to customers is recognised upon performance of the service or delivery to the customer. We consider revenue is a key audit matter because of its significance to profit, the high volume of revenue transactions associated with revenue and for certain contracts the estimation that is required in recognising revenue.	Our procedures included, amongst others: • Obtaining an understanding of the controls relevant to revenue recognition • Reviewing and testing a sample of journals impacting revenue • For a sample of revenue transactions from provision of services and sale of products, testing to supporting documentation including sales invoices, external order documentation and/or receipt of customer payments including assessing whether revenue has been recognised in the correct period • For a sample of revenue transactions for which revenue is recognised on a proportion of total costs incurred basis, testing that the calculations of costs incurred and costs to complete were based on support by: - assessing the Group's estimated costs to complete by analysing any subsequent changes to cost estimates post year end; and - assessing management's estimates of total contract costs and recalculating the stage of completion based on actual costs incurred to date

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Carrying value of Goodwill

Refer to Note 12</td></tr>
<tr><td>At 30 June 2018 the Group's statement of financial position includes goodwill amounting to $651,549 relating to one cash generating units (CGU).

The appropriate identification of the CGU is considered a key audit matter because of the assumption and estimation required by management to make this assessment.

The assessment of potential impairment of the goodwill balance incorporates management's assumptions and estimation in respect of factors such as:
Forecast revenue
Forecast expenses
Forecast capital expenditure
Economic assumptions such as, discount rate, growth rate and terminal value growth rate.
A key audit matter for us was whether the Group's value-in-use model for impairment of goodwill included appropriate consideration and support for significant estimates and judgements and the selection of key external and internal inputs.</td><td>Our procedures included, amongst others:
Assessing management's determination of the appropriate CGU based on our understanding of the nature of the Group's business and the economic environment in which it operates. Also reviewing the internal reporting of the Group to assess how earnings streams are monitored and reported
Evaluating management's relevant controls and processes regarding valuation of the CGU to determine any potential impairment including the procedures around the preparation and review of the associated cash flow forecasts
Challenging management's assumptions and estimates used to determine the recoverable value of goodwill, including those relating to forecast revenue, expenses and capital expenditure
Checking the mathematical accuracy of the cash flow model
Agreeing relevant data in the cash flow model to the latest forecast
Assessing the historical accuracy of forecasting by the Group
Performing sensitivity analysis in respect of the discount rate, growth rate and terminal value growth rate assumptions</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 27 of the directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Enevis Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

D A KNOWLES

PITCHER PARTNERS

Melbourne, 31st August 2018

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

Statement of security holders as at 28 August 2018

(a) Distribution of shareholders by sizes of holdings

1 – 1,000	175
1,001 – 5,000	59
5,001 – 10,000	20
10,001 – 100,000	79
100,001 and over	78
Total	411
Holding less than a marketable parcel	209

Voting rights – Each ordinary share carries one vote.

(b) Twenty Largest Shareholders

Shareholder	Number	Percentage
Mr Greg Jinks + Mrs Dorothy Jinks <The G D Super Fund A/c>	6,144,167	9.46
Sandhurst Trustees Ltd <JMFG Consol A/c>	5,944,685	9.16
Scholz Industries Pty Ltd	5,587,547	8.61
Volantor Superannuation Fund Pty Ltd <Volantor Superannuation Fund>	4,720,000	7.27
Boom Capital Pty Ltd	4,143,333	6.38
Fareview Pty Ltd <The A&M Family A/c>	2,500,000	3.85
Edward Peter Goodwin <Goodwin Family A/c>	2,500,000	3.85
Harrington Partners Fund 1 Pty Ltd <Harrington Part Fund 1 A/c>	1,855,000	2.86
Prima Growth Fund Pty Ltd	1,488,668	2.29
Bentmont Pty Ltd	1,382,695	2.13
Ligon 205 Pty Ltd <Summit Road Investment A/c>	1,341,666	2.07
Mr Peter Raymond Jinks + Mrs Velda Jinks	1,299,167	2.00
Miss Kristie Jinks + Mr Matthew Jinks + Miss Lisa Jinks <PV Super Fund A/c>	1,086,000	1.67
Cartman & Co Pty Ltd	1,000,000	1.54
Kinship Nominees Pty Ltd <Malek Super Fund A/c>	955,714	1.47
Bond Street Custodians Limited <BKOHN - V04155 A/c>	910,000	1.40
Greg Electrical Contractors Pty Ltd	875,000	1.35
Green Family Pty Ltd <Green Family Super Fund2 A/c>	833,333	1.28
Incentive Entertainment Partners Pty Ltd	833,333	1.28
Armytage Private Pty Ltd	750,000	1.16
Total for top 20	**46,150,308**	**71.08**
Total Other investor	18,774,453	28.92
Grand Total	**64,924,761**	**100.00**

(c) Substantial shareholders as per substantial shareholder advices held at 30 August 2018

Name	Number of Ordinary Shares to which Person Entitled
Mr Greg Jinks	7,019,167
Mr Peter Jinks	6,019,167
Mr Erik Scholz	6,012,547
JM Financial Group Ltd and No Plan B Pty Ltd	5,392,185
Boom Capital Pty Ltd	4,143,333

(d) Securities subject to voluntary escrow

The shareholding of Scholz Industries Pty Ltd is subject to an escrow arrangement until 31 July 2020.

(e) Unquoted equity securities

None

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