

Appendix 4D - Half Year Report for six months ended 31 December 2019
Results for announcement to the market

Name of entity ENEVIS LIMITED

ABN 24 004 554 929

1 Reporting Period

Half Year Ended 31 December 2019

Previous corresponding periods – half year ended 31 December 2018

– year ended 30 June 2019

2 Results for announcement to the market

| | | | | |
|--|-----|-----|----|-------------|
| Revenue | up | 14% | to | 22,604,071 |
| Net (loss) / profit from ordinary activities after tax attributable to members | NM* | | to | (2,560,366) |
| Net (loss) / profit for the period attributable to members | NM* | | to | (2,560,366) |

NM – Not Meaningful

*(A loss of \$2,560,366 compared to profit of \$94,679 in the previous corresponding period)

| | Amount per Security | Franked amount per Security |
|-----------------------------------|---------------------|-----------------------------|
| Interim Dividend - Current period | Nil | Nil |
| - Previous corresponding period | Nil | Nil |
| Final Dividend - Current period | Nil | Nil |
| - Previous corresponding period | Nil | Nil |

No interim dividend has been declared for the half-year ending 31 December 2019.

Commentary on Result

First half trading improved with group sales revenues (including discontinued operations) of \$22,604,071 up by 14% compared to \$19,915,245 in the previous corresponding period. The Group reported a net loss of \$2,560,366 for the half year ended 31 December 2019, compared to the profit of \$94,679 in the previous corresponding period.

Refer to interim Financial Report for the Half-Year ended 31 December 2019 for more information.

This half yearly financial report is to be read in conjunction with the 30 June 2019 annual financial report.

3 Net tangible assets per security

| | Current Period | Previous Corresponding Period |
|--|-----------------------|--------------------------------------|
| Net tangible asset backing per ordinary security (cents per share) | (3.90) | 0.97 |

4. Details of entities over which control has been gained or lost during the period: (item 4)
Control gained over entities

Name of entities (item 4.1)

- Not Applicable -

Date(s) of gain of control (item 4.2)

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)

\$

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$

Loss of control of entities

Name of entities (item 4.1)

- Not Applicable -

Date(s) of loss of control (item 4.2)

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).

\$

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$

5. Dividends (item 5)

| | Date of payment | Total amount of dividend |
|---|-----------------|--------------------------|
| Interim dividend year ended 30 June 2019 | | Nil |
| Final dividend year ended 30 June 2019 | | Nil |

Amount per security

| | Amount per security | Franked amount per security at % tax | Amount per security of foreign sourced dividend |
|-------------------------------------|---------------------|--------------------------------------|---|
| Total dividend: Current year | Nil | Nil | Nil |
| Previous year | Nil | Nil | Nil |

Total dividend on all securities

| | Current period \$A'000 | Previous corresponding Period - \$A'000 |
|--|------------------------|---|
| Ordinary securities (<i>each class separately</i>) | Nil | Nil |

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

- Not Applicable -

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

| |
|--|
| |
|--|

7. Details of associates and joint venture entities (item 7)

| Name of associate or joint venture entity | %Securities held |
|---|------------------|
| - Not Applicable - | |
| | |
| | |

Aggregate share of profits (losses) of associates and joint venture entities

| Group's share of associates' and joint venture entities': | 2019 \$ | 2018 \$ |
|--|------------|------------|
| Profit (loss) from ordinary activities before tax | | |
| Income tax on ordinary activities | | |
| Net profit (loss) from ordinary activities after tax | | |
| Adjustments | | |
| Share of net profit (loss) of associates and joint venture entities | | |

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).
9. Independent review of the financial report (item 9)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

ENEVIS LIMITED
and Controlled Entities

ABN 24 004 554 929

Financial Report
for the half-year ended 31 December 2019

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2019

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Directors' Report

The directors present their report together with the condensed financial report of the group consisting of Enevis Limited and the entities it controlled, for the half-year ended 31 December 2019 and independent review report thereon.

Directors

The names of the company's directors in office during the half-year and until the date of this report are set out below. Each of the directors was in office for this entire period, unless otherwise stated.

Peter Jinks, Managing Director

Greg Jinks, Executive Director

Terence Grigg, Non-Executive Director

Thomas Krulis, Non-Executive Director

Review and Results of Operations

First half sales have improved with group trading revenues (including discontinued operations) of \$22,604,071 up 14% on the \$19,915,245 in the previous corresponding period. The group reported a net (loss) for the half year ended 31 December 2019 of (\$2,560,366) compared to a profit of \$94,679 in the previous corresponding period.

The results for the half year reflect the impact of the following key matters:

- An EBITDA loss of (\$1.66) million (including discontinued operations) is as a result of a lower than budgeted sales and slightly higher costs from the lighting business, Urban Lighting Group, now renamed SKS Lighting. In addition there was \$1.6 million of one-off abnormal items, of which \$0.54 million are cash costs relating to further costs in the Perez legal matter, pre-transaction consulting costs associated with the sale of the street lighting subsidiary business in December 2019, and an incident of fraud by an external party at the end of the half. This incident has been referred to the police and has led to the modification of internal procedures to strengthen security and minimise the risk of any future such attempts.
- One of the non-cash abnormal items relates to a writeback of income taken in 2019, arising from the judgement in the Perez matter. Subsequent to receiving the favourable decision in Perez, the respondent became bankrupt, and as such, the receipt of funds as a result of the legal action will be determined by the bankruptcy trustee. Therefore, a write back of \$0.20 million has been taken. The other non-cash abnormal item relates to an additional provision of \$0.86 million for obsolete stock across both the street column and SKS Lighting businesses to reflect its current estimated recoverable value.
- A restructure has been completed for SKS Lighting and the outlook for the business unit remains positive with an excellent project pipeline and a lower cost base. SKS Technologies, the audio-visual, electrical and communications business, continues to perform well.

Directors' Report (Cont'd)**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report on page 4.

Rounding of Amounts

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Peter Jinks', with a stylized, flowing script.

Peter Jinks
Director

Melbourne

Date: 28th February 2020

ENEVIS LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ENEVIS LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2019, 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 period.



F V RUSSO
Partner
28 February 2020



PITCHER PARTNERS
Melbourne

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019

| | | Half- year | |
|--|-------|---------------------------|---------------------------|
| | Notes | 31 December 2019 \$ | 31 December 2018 \$ |
| Revenue and Other Income | | | |
| Sales revenue | 2 | 18,279,723 | 16,194,262 |
| Other income | 2 | 1,175 | - |
| | | 18,280,898 | 16,194,262 |
| Expenses | | | |
| Cost of sales | | (11,970,047) | (11,984,911) |
| Occupancy expenses | | (45,887) | (187,095) |
| Administration expenses | | (7,943,835) | (3,576,262) |
| Depreciation and amortisation | | (363,511) | (93,343) |
| Finance costs | | (396,510) | (311,394) |
| Total expenses | | (20,719,790) | (16,153,005) |
| (Loss) / profit before income tax expense from continuing operations | | (2,438,892) | 41,257 |
| Income tax expense | | - | - |
| (Loss) / profit from continuing operations | | (2,438,892) | 41,257 |
| (Loss) / profit after tax from discontinued operation | 3 | (121,474) | 53,422 |
| Other comprehensive income for half-year | | - | - |
| Total comprehensive (loss) / income for half-year | | (2,560,366) | 94,679 |
| (Loss)/ earnings per share (cents per share) for profit attributable to the equity holders of the entity: | | | |
| Basic (loss) / earnings per share – Continuing Operations | | (3.66) | 0.07 |
| Basic (loss) / earnings per share – Discontinued Operation | | (0.18) | 0.09 |
| Diluted (loss) / earnings per share – Continuing Operations | | (3.66) | 0.07 |
| Diluted (loss) / earnings per share – Discontinued Operation | | (0.18) | 0.09 |

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Financial Position as at 31 December 2019

| | Notes | 31 December 2019 | 30 June 2019 |
|--|-------|---------------------|-------------------|
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | | 90,802 | 679,878 |
| Trade and other receivables | | 8,154,723 | 9,292,849 |
| Inventories | | 1,692,557 | 5,336,670 |
| Assets held for sale | 3 | 2,426,937 | - |
| Other current assets | | 338,430 | 230,387 |
| Total current assets | | 12,703,449 | 15,539,784 |
| Non-current assets | | | |
| Plant and equipment | | 324,593 | 522,448 |
| Right of use assets | 9 | 842,802 | - |
| Intangible assets | 10 | 951,029 | 1,267,174 |
| Other non-current assets | | 96,750 | 159,999 |
| Total Non-current assets | | 2,215,174 | 1,949,621 |
| Total assets | | 14,918,623 | 17,489,405 |
| Current liabilities | | | |
| Trade and other payables | | 7,282,694 | 8,219,621 |
| Borrowings | 5(a) | 3,099,581 | 3,361,560 |
| R&D tax payable | | 500,820 | - |
| Provisions | | 545,111 | 721,784 |
| Lease liabilities | | 480,262 | - |
| Liabilities held for sale | 3 | 314,496 | - |
| Total current liabilities | | 12,222,964 | 12,302,965 |
| Non-current liabilities | | | |
| Borrowings | 5(b) | 1,400,000 | 1,200,000 |
| R&D tax payable | | 1,577,383 | 2,112,613 |
| Provisions | | 109,903 | 118,250 |
| Lease liabilities | | 413,162 | - |
| Total non-current liabilities | | 3,500,448 | 3,430,863 |
| Total Liabilities | | 15,723,412 | 15,733,828 |
| (Net asset deficiency) / Net assets | | (804,789) | 1,755,577 |
| Equity | | | |
| Contributed capital | 6 | 19,198,931 | 19,198,931 |
| Accumulated losses | | (20,003,720) | (17,443,354) |
| Total equity | | (804,789) | 1,755,577 |

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Changes in Equity

Half-year ended 31 December 2018

| Consolidated | Contributed equity \$ | Accumulated losses \$ | Total equity \$ |
|---|-----------------------------|-----------------------------|-----------------------|
| At 1 July 2018 | 14,419,075 | (17,462,521) | (3,043,446) |
| Profit for the half year | - | 94,679 | 94,679 |
| <i>Transactions with owners in their capacity as owners</i> | | | |
| Issue of shares to vendor of Lumex | 1,117,509 | - | 1,117,509 |
| Issue of shares | 3,450,000 | - | 3,450,000 |
| Cost of issue of shares | (187,653) | - | (187,653) |
| Issue of shares on conversion of Convertible Notes | 400,000 | - | 400,000 |
| At 31 December 2018 | 19,198,931 | (17,367,842) | 1,831,089 |

Half-year ended 31 December 2019

| Consolidated | Contributed equity \$ | Accumulated losses \$ | Total equity \$ |
|----------------------------|-----------------------------|-----------------------------|-----------------------|
| At 1 July 2019 | 19,198,931 | (17,443,354) | 1,755,577 |
| (Loss) for the half year | - | (2,560,366) | (2,560,366) |
| At 31 December 2019 | 19,198,931 | (20,003,720) | (804,789) |

The accompanying notes forms part of these Financial Statements

**Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2019**

| | Half-year | |
|---|-----------------------------|-----------------------------|
| | 31 December 2019 | 31 December 2018 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 26,068,639 | 19,536,561 |
| Payments to suppliers and employees | (25,883,310) | (21,157,999) |
| Interest received | 188 | - |
| Interest paid | (354,429) | (255,942) |
| Net cash flows used in operating activities | (168,912) | (1,877,380) |
| Cash flows from investing activities | | |
| Payment for plant and equipment | (2,840) | (150,127) |
| Payment for right of use assets | (75,400) | |
| Proceeds from disposal of plant and equipment | 5,863 | 12,097 |
| Payments for intangibles | (7,816) | (236,430) |
| Net cash flows used in investing activities | (80,193) | (374,460) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 3,062,347 |
| Payment of lease liability | (248,882) | - |
| Proceeds from borrowings | 200,000 | 293,847 |
| Repayments of borrowings | (291,089) | (1,087,663) |
| Net cash flows from financing activities | (339,971) | 2,268,531 |
| Net (decrease) / increase in cash and cash equivalents | (589,076) | 16,691 |
| Cash and cash equivalents at beginning of half year | 679,878 | 121,932 |
| Cash and cash equivalents at end of the half year | 90,802 | 138,623 |

The accompanying notes forms part of these Financial Statements

Notes to Condensed Consolidated Half-Year Financial Statements

1. Basis of Preparation of the Half-Year Financial Report

The condensed consolidated half-year financial report does not include all notes of the type normally included within the annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Enevis Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers Enevis Limited and controlled entities ("the group"). 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 VIC - 3003. Enevis Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the director's report.

(a) Basis of accounting

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared in accordance with the historical cost convention, as modified by revaluations to fair value for certain class of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2019 and the corresponding half-year other than as stated below in Note 1(b).

(b) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases.

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires 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 cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is accounted for on a revaluation basis;

Notes to Condensed Consolidated Half-Year Financial Statements

(b) Summary of the significant accounting policies (cont'd)

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

The Group has elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- (a) to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- (b) to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value; and

to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application. AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues 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 accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e., at 1 July 2019). Accordingly, comparative information has not been restated; and

The application of AASB 16 resulted in the initial recognition of right-of-use assets with an aggregate carrying amount of \$1,199,215 (referred to in these financial statements as "Right of Use assets") and corresponding lease liabilities with an aggregate carrying amount of \$1,199,215. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 6%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

| | \$ |
|--|------------------|
| Aggregate non-cancellable operating lease commitments at 30 June 2019 | 1,349,153 |
| Less: impact of discounting lease payments to their present value at 1 July 2019 | (149,938) |
| Carrying amount of lease liabilities recognised at 1 July 2019 | <u>1,199,215</u> |

Notes to Condensed Consolidated Half-Year Financial Statements

(b) Summary of the significant accounting policies (cont'd)

Further details of the Group's accounting policy for leases, for the half-year period ended 31 December 2019, is as follows:

Lease assets

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Notes to Condensed Consolidated Half-Year Financial Statements

(b) Summary of the significant accounting policies (cont'd)

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(c) Revenue

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

Revenue from the provision of services is recognised as performance obligations are satisfied over time, via transfer of services to customers, which is measured based on stage of completion.

Certain customers may be invoiced in advance of provision of services and this amount is recognised as a liability until the group provides, and the customer consumes, the benefits of the services.

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).

(d) 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 generated a loss from continuing operations of \$2,438,892 during the half-year ended 31 December 2019 (half-year ended 31 December 2018 profit of \$41,257), and as at that date, the group's net asset deficiency was \$804,789 (30 June 2019: net assets \$1,755,577).

Notes to Condensed Consolidated Half-Year Financial Statements

(d) Going Concern (cont'd)

The group produced negative cash flows from operating activities for the half-year ended 31 December 2019 of \$168,912 (half-year ended 31 December 2018: \$1,877,380). The ability of the Group to continue as a going concern is reliant on 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 Group has prepared forward budget and cash flow projections which support improving net cash flow from operating activities.
- The Group received a net cash inflow of \$1,331,380 from the sale of the Street column business in February 2020.
- The Group continues to make payments in line with the R&D tax payable agreement which includes repayments continuing to be made over a total 3 year period ending May 2022.
- The Group has secured agreement from Moller Volantor Pty Ltd to defer the repayment date on the secured loan and unsecured loans until 30 April 2021, although the Group retains the right (but not the obligation) to repay these loans earlier if cashflows allow. These deferrals further assist the Group in realigning its debt repayment obligations to coincide with expected improved future cashflows.

Notes to Condensed Consolidated Half-Year Financial Statements

(d) Going Concern (cont'd)

- The directors also believe the company has quality assets that could be realised if required to raise further capital to fund working capital requirements.

Based on 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.

(e) Comparatives

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

2. Revenue and Other Income

| | 31 December 2019 \$ | 31 December 2018 \$ |
|----------------------------|---------------------------|---------------------------|
| Revenue | | |
| Revenue from services | 15,063,024 | 11,911,765 |
| Revenue from sale of goods | 3,216,699 | 4,282,497 |
| | 18,279,723 | 16,194,262 |
| Other income | | |
| Interest income | 188 | - |
| Other | 987 | - |
| | 1,175 | - |

3. Discontinued Operations

Prior to 31 December 2019 a contract was signed by the group to sell its Street lighting business and associated business assets. The completion date of this contract was 31 January 2020. The results of the discontinued operations for the current and comparative period are presented below.

Notes to Condensed Consolidated Half-Year Financial Statements

3. Discontinued Operations (cont'd)

| | 31 Dec 2019 \$ | 31 Dec 2018 \$ |
|--|--------------------|--------------------|
| (i) Financial performance information | | |
| Revenue | | |
| Sales revenue | 4,324,348 | 3,720,983 |
| Other income | - | - |
| Total Revenue | 4,324,348 | 3,720,983 |
| Expenses | | |
| Total Expenses (excluding depreciation and amortisation) | (4,305,737) | (3,650,417) |
| Depreciation and amortisation | (140,085) | (17,144) |
| Total Expenses | (4,445,822) | (3,667,561) |
| <i>(Loss)/Profit before income tax discontinued operation</i> | <i>(121,474)</i> | <i>53,422</i> |
| Income tax expense | - | - |
| <i>(Loss)/Profit after income tax of discontinued operations</i> | <i>(121,474)</i> | <i>53,422</i> |
| (ii) Cash flow information | | |
| Net cash provided by / (used in) operating activities | 122,637 | (648,317) |
| Net cash (used in) investing activities | (531,635) | (68,421) |
| Net cash (used in) financing activities | (162,587) | (564,764) |
| <i>Net cash flow</i> | <i>(571,585)</i> | <i>(1,281,502)</i> |
| (iii) Carrying amount of assets and liabilities | | |
| Assets | | |
| Receivables | 63,250 | |
| Inventories | 1,916,678 | |
| Property, plant and equipment | 126,648 | |
| Right of use assets | 83,565 | |
| Intangibles | 236,796 | |
| <i>Non-current assets classified as held for sale</i> | <i>2,426,937</i> | |

Notes to Condensed Consolidated Half-Year Financial Statements
3. Discontinued Operations (cont'd)**31 Dec 2019****\$**

| | |
|--|------------------|
| Payables | 50,760 |
| Provisions | 158,275 |
| Leases | 105,461 |
| <i>Liabilities directly associated with non-current assets classified as held for sale</i> | 314,496 |
| <i>Net assets attributable to discontinued operations</i> | <u>2,112,441</u> |

The sale of the discontinued operation completed on 31 January 2020. Further details are included in Note 8 Subsequent events.

4. Dividends Paid or provided for on Ordinary Shares

There were no dividends proposed or recognised during the half-year ended 31 December 2019.

5. Borrowings

| | 31 December 2019 | 30 June 2019 |
|---|-----------------------------|-------------------------|
| (a) Current | \$ | \$ |
| Secured: | | |
| Bank and other loans (i) | 3,099,581 | 3,313,008 |
| Lease finance | - | 48,552 |
| | <u>3,099,581</u> | <u>3,361,560</u> |
| (b) Non Current | | |
| Secured: | | |
| Loan from Moller Volantor Pty Ltd (ii) | 1,000,000 | 900,000 |
| Unsecured: | | |
| Loan from Moller Volantor Pty Ltd (iii) | 400,000 | 300,000 |
| | <u>1,400,000</u> | <u>1,200,000</u> |

Notes to Condensed Consolidated Half-Year Financial Statements

5. Borrowings (cont'd)

- i. The current secured borrowings, are secured by a fixed and floating charge over Enevis Limited, SKS Technologies Pty Ltd, Dueltex Pty Ltd and Urban Lighting Group Pty Ltd.
- ii. Non-current secured loan from Moller Volantor Pty Ltd, an entity related to Greg Jinks, 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 quarterly in arrears, to be repaid in full on 30 April 2021 (or earlier at the company's discretion).
- iii. Non-current 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 30 April 2021 (or earlier at the company's discretion).

6. Contributed Capital

Movements in shares on issue

| | Half-Year 31 Dec 2019 | | Half-Year 31 Dec 2018 | |
|------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | No of Shares | \$ | No of Shares | \$ |
| Beginning of the half-year | 66,611,100 | 19,198,931 | 42,087,214 | 14,419,075 |
| Shares issued during the half-year | - | - | 24,523,886 | 4,779,856 |
| End of the half-year | 66,611,100 | 19,198,931 | 66,611,100 | 19,198,931 |

7. Operating Segments

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.

Notes to Condensed Consolidated Half-Year Financial Statements

8. Subsequent Events

Prior to 31 December 2019 a contract was signed by the group to sell its Street lighting business and associated business assets. The completion date of this contract was 31 January 2020. Subsequent to 31 December 2019, the sale of the Street column business was successfully settled on 31 January 2020. Net proceeds from sale was \$1,331,380. The sale included variable deferred consideration which will be payable to the group and based on subsequent inventory sales which occur over the 12 month period ended 31 January 2021.

Other than the above, there were no matters or circumstances specific to Enevis Limited that have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- the Group's operation in future financial years or
- the results of those operations in future financial years or
- the Group's state of affairs in future financial years.

9. Lease assets and lease liabilities

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

| | 31 Dec 2019 | |
|---|--------------------|----------------------|
| | \$ | |
| Carrying amount of lease assets, by class of underlying asset: | | |
| Buildings | 347,930 | |
| Motor Vehicle | 494,872 | |
| | <u>842,802</u> | |
| Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year: | Buildings | Motor Vehicle |
| | \$ | \$ |
| Carrying amount at 1 July 2019 | 708,682 | 490,533 |
| Additions | - | 75,400 |
| Depreciation | (277,651) | (71,061) |
| Transfer to Assets held for sale | (83,101) | - |
| Carrying amount at 31 December 2019 | <u>347,930</u> | <u>494,872</u> |

31 Dec 2019
\$

| | |
|--|---------|
| Interest expense on lease liabilities | 32,279 |
| Depreciation expense on lease assets | 348,712 |
| Total cash outflow in relation to leases | 350,957 |

10. Intangible assets

| | 31 December 2019 | 30 June 2019 |
|-----------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Goodwill at cost (a) | 577,849 | 814,618 |
| Brand name – Forlite | 150,000 | 150,000 |
| Computer software | 81,925 | 98,611 |
| Development costs (b) | 141,255 | 203,945 |
| | 951,029 | 1,267,174 |

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

| | | |
|---|----------------|----------------|
| Goodwill | | |
| Carrying value as at 1 July | 814,618 | 651,549 |
| Goodwill reclassified to Assets held for sale | (236,769) | - |
| Goodwill on acquisition of Lumex | - | 163,069 |
| Closing carrying value | 577,849 | 814,618 |

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

| | | |
|-------------------------------|----------------|----------------|
| Development costs | | |
| Carrying value as at 1 July | 203,945 | - |
| Developments costs - Lumex | - | 250,759 |
| Amortisation | (62,690) | (46,814) |
| Closing carrying value | 141,255 | 203,945 |

Directors' Declaration

The directors declare that:

In the directors' opinion, the financial statements and notes thereto, as set out on pages 5 to 19 are in accordance with the *Corporations Act 2001*, including:

- (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2019 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that Enevis Limited will be able to pay its debts as and when they become due and payable.

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



Peter Jinks
Director

Date: 28th February 2020

**ENEVIS LIMITED
ABN 30 146 959 917
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ENEVIS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Enevis Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Enevis Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Enevis Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**ENEVIS LIMITED
ABN 30 146 959 917
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ENEVIS LIMITED**

Conclusion

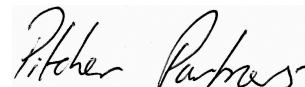
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Enevis Limited and controlled entities is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report which indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



F V RUSSO
Partner



PITCHER PARTNERS
Melbourne

28 February 2020