ENEVIS™

FOCUSED PROVIDER OF ELECTRICAL & ENERGY EFFICIENT TECHNOLOGIES, PRODUCTS & SERVICES FOR THE COMMERCIAL, INDUSTRIAL & INFRASTRUCTURE SECTOR

# 2020 ANNUAL REPORT

# 2020

## FULL YEAR RESULT

# CONTENTS

01

# CHAIRMAN & MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

2020 was a year like no other experienced by Enevis, or indeed by any of its directors or employees. Universally, the global pandemic brought immediate impacts to the health of people, economies and the way we transact business on an unprecedented scale. While the robustness of our business has meant that we continue to deliver projects and services to our customers, there has been some impact felt by the delay of projects and issues with sourcing our products internationally.

The year was also one of simplifying and streamlining the business, reducing debt, cutting costs, resolving legacy issues and realigning our priorities to support the most profitable areas of our company. In January, we divested the street lighting column business and in early August this year, we completed the sale of SKS Lighting. These sales were the manifestation of a detailed assessment of business revenue contributions and margins, along with assumptions relating to outlook that culminated in a board decision to place the sole focus of the company on SKS Technologies. With it contributing the majority of total revenue, the market's appreciation of its products and services, and an attractive pipeline of opportunities, the option to make it the sole business unit was compelling. All capital raised via the market during the year and through the lighting divestments can now be reinvested to continue to grow the SKS Technologies business.

Net loss after tax for the year was a loss of $4.99 million compared with a small profit of $0.02 million in FY19. Of this loss, $3.74 million accrued from the combined divested lighting businesses primarily related to stock write downs and goodwill impairments, supporting the Board's decision to exit the lighting sector. The continuing operations delivered a loss of $1.21 million compared with a profit from continuing operations of $0.62 million in FY19. The loss comprises a number of one-off items including $0.3 million in relation to a successful litigation and $0.27 million resulting from a fraud perpetrated upon the business during the first half of FY20. A further $0.3 million was incurred in restructuring costs. At this stage, the impact of COVID-19 has largely been a delay in revenue, which is likely to push it into FY21.

While this is a disappointing result, much has been achieved during the year to restructure the company and resolve all outstanding legacy issues. We have removed approximately $1.1 million from the company's continuing operations cost base, emanating from efficiency savings. Equally, with the raising of $1.46 million via a rights issue in June as well as the combined gross receipts to date from the sale of the lighting businesses of $2.09 million, we have reduced debt from $6.6 million to $3.26 million. A further $0.57 million in ongoing instalments is due over the next six months from the sale of the street lighting column business, and these funds will be used for working capital and further debt reduction.

# SKS TECHNOLOGIES

SKS Technologies, our electrical technology business comprising audio visual, communications and electrical solutions, has always represented the core operations of the company. In the last few years, we have focused on building a national presence with operations spread across most Australian states and territories that continue to win fit-out and refurbishment projects for commercial and large government projects. In only its second year of operation, our South Australian operations contributed in excess of 25% of the business unit's revenue. Our Western Australian office was overhauled to align its cost base with revenue activity and our Queensland team continues to win work and grow our presence.

Over the past two years, the business has continued to increase revenue and maintains a substantial pipeline of opportunities. A wholesale cost cutting exercise applied across the business during the year has further strengthened the operations, realising a range of efficiency savings across the business unit.

We have also built our service and maintenance business on the back of completed projects and continue to attract repeat business from a diverse customer base. With a national presence, a suite of innovative electrical technology solutions and a committed and loyal team of people, we look forward to devoting all our resources and energy to building this business into what we know it can be – a leader in its sector in the Australian marketplace.

During the year, SKS Technologies delivered a diversity of projects including multiple Victorian State Government infrastructure projects, as well as specially designed and installed projects for Flinders Fertility Clinic in Adelaide and The Eminence in Brisbane, a multilevel state-of-the-art combined purpose development including retail and office space, and car parking.

# SKS LIGHTING

SKS Lighting was built up over a number of years both organically and with small bolt-on acquisitions, such as Lumex. All such additions have been fully integrated into the business unit, including the exclusive supply agreement with US grow lighting developer and manufacturer, LumiGrow. LumiGrow approached Enevis during the tender process for a major horticultural project in regional Victoria to supply and install its proprietary lighting technology. As the project did not proceed, we did not have a cornerstone project and thus it was folded into the lighting business and divested.

While SKS Lighting contributed a loss to the Group, in part due to significant supply chain disruption, due to the pandemic, it successfully undertook some substantial projects. Not least, it participated in the State Government's school infrastructure energy efficiency program with the supply of upgraded lighting systems.

With the sale of the street lighting column business and SKS Lighting, Enevis has exited the lighting sector completely. We are confident the business is well-positioned and resourced for the new owners to capitalise on the extensive pipeline of opportunities and relationships we developed prior to its sale.

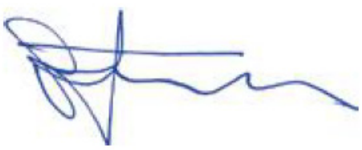
# OUTLOOK

While the pipeline for the business remains strong, the uncertainty of the COVID-19 affected economy means that planned projects may be delayed, or ultimately abandoned, and businesses may be more constrained in the planning of future projects. So far, we have only experienced a delay in project timelines, but we remain realistic about an economic situation that is not only unprecedented, but highly fluid. We also continue to monitor the market's response to the current economic environment, largely evident in heightened competition in tendering for new work.

We believe that our activities over the past year have strengthened the business and rendered it better able to absorb some of the fallout from the market's response to the pandemic. Indeed, we're looking forward to concentrating on the future core operations without the distractions that go with a wholesale restructure. Based on what we know today, we are confident that we can achieve the targets we have set ourselves for the next financial year. But that could change tomorrow. So we will remain ready to change and adapt to the circumstances we are presented with in order to effect the best operational and financial performance possible over the next 12 months.

I sincerely thank all of our loyal shareholders for believing in us over the longer-term. The board is determined to restore value in the stock with the streamlined, more efficient business that I have outlined above.

Not least I want to thank all of our directors and employees. It has been a difficult year, both externally with the onset of the COVID-19 spread, and internally with the change and uncertainty brought about by such an extensive company restructure. I am convinced we have the right team to restore performance and value in Enevis.



**Peter Jinks**
CHAIRMAN & MANAGING DIRECTOR

COWEN
GALLERY FREE
EXHIBITION
COWEN GALLERY, GATEWAY ZONE
OPEN DAILY
FIRE SAFETY DOOR
DO NOT OBSTRUCT

02

# DIRECTORS' BIOGRAPHIES

## Peter Jinks

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 and 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 had 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.

03

# CORPORATE DIRECTORY

## Directors

**Peter Jinks**

**Greg Jinks**

**Terence Grigg**

## Secretary

**Gary Beaton**

**Matthew Jinks**

## Auditor

**Pitcher Partners**

## Solicitors

**Dentons**

Level 18/567 Collins St,
Melbourne
VIC 3000

**T:** (03) 9620 2223

**www.dentons.com**

## ENEVIS Registered Office

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**www.enevis.com.au**

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452 Johnston Street
Abbotsford, Victoria 3067

GPO Box 2975
Melbourne Victoria 3001

**Investor Enquiries:** 1300 850 505

**T:** (03) 9415 4000

## ABN

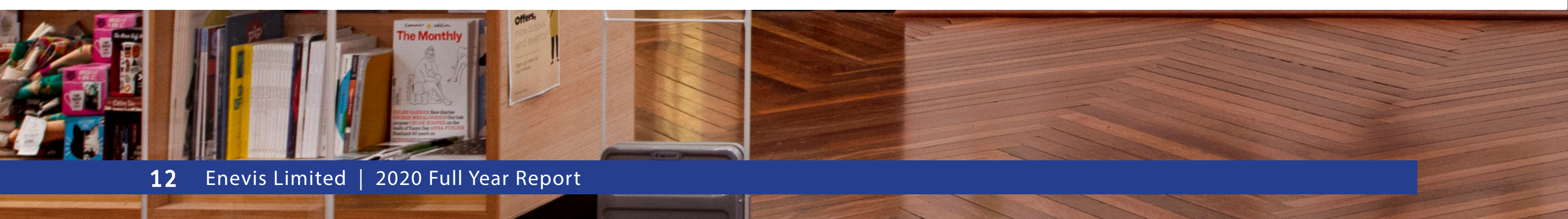
**24 004 554 929**


04

# FINANCIAL STATEMENTS

## Contents



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Welcome Zone
Readings Bookshop
Isabella Fraser Room
Victoria Gallery

# 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 (the Group), for the financial year ended 30 June 2020 and auditor's report thereon.

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

### CHAIRMAN & MANAGING DIRECTOR

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 the 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 the 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 (Resigned on 23 March 2020)

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 and resigned on 23 March 2020. Thomas Krulis has not been a director of any other listed companies during the past three years.

# Paul Miller

COMPANY SECRETARY (Resigned on 18 November 2019)

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 and resigned on 18 November 2019.

# Gary Beaton

Gary is a CPA who has over 30 years of experience as a construction and project accountant and has previously worked for six years with the Enevis management team as Chief Financial Officer of their former business KLM Group. Gary previously worked at Clough Engineering group and most recently, Gary completed an 18-month contract with Spotless Group to affect the consolidation of the construction component of a suite of Downer EDI businesses and subsidiary acquisitions. Gary joined the group as the new chief financial Officer and was appointed as the company secretary on 13 December 2019.

# Matthew Jinks

Matthew, who holds a Master of Business Administration Finance Major , joined the Enevis business in April of 2013 as the Chief Operating Officer with the responsibility of managing all aspects of the company's financial and operational activities.

Prior to joining the senior management team of Enevis, Matthew held the position of Executive General Manager Finance and one of the Directors of KLM Group, then owned by Programmed Maintenance Ltd, managing all aspects of the business financials. Matthew began his journey as an apprentice electrician for KLM Group. Over a 15-year period he progressed through the business gaining extensive experience in all aspects of management and business operations within the Electrical, Communications and Audio-Visual industry. Matthew was appointed as the company secretary on 15 November 2019.

# REVIEW OF OPERATIONS

## OPERATING RESULTS

Full year sales declined with group's current year trading revenue (including discontinued operations) of $36,173,248 down 12% on the $41,186,567 in the previous corresponding period. Full year sales for continuing operations grow with group trading revenues $26,551,125 up 5% on the $25,173,473 in the previous corresponding period. The consolidated group made a loss after tax of ($4,989,287) compared to a profit of $19,167 for the year ended 30 June 2019 in the previous corresponding period.

## OPERATIONAL OVERVIEW

The sales in SKS Technologies Pty Ltd (our audio visual and electrical division) continues to grow despite the interruption of Covid 19 with increasing brand recognition and service delivery capability. The operation in South Australia has continued to exceed expectations. The pipeline of opportunities, as well as the size of opportunities, remains favourable across the regions in which the company operates.

On 31 January 2020 the Company completed the sale of the Street Column lighting business.

On 7 August 2020 the Company completed the sale of the Commercial Lighting business

The Company will now focus the business on its core product and services offering of Audio Visual, Electrical and Communications sector.

## CAPITAL STRUCTURE

In June 2020 the Company issued $1.5 million ordinary shares via a rights issue (gross of costs) that were deployed to fund the reduction of debt.

## WORKING CAPITAL AND CASHFLOWS FROM OPERATIONS

The Group remains in an expansion phase all be it with small revenue growth of 5% (as outlined above) in continuing operations and consequently is actively managing the working capital demands and challenges that currently exist. The release of funds from the previous build-up of inventory in the lighting business and the divestment of the lighting businesses will have a significant improvement on daily working capital in the next financial year following the negative cash outflow from operations in the current year.

The company has a clear focus to achieve a positive cashflow outcome in the year ahead after the sale of the lighting businesses and the reduction of overheads from both the sale an of the lighting business and in the technologies business.

## LEGAL MATTERS

The Company currently has no legal matters

Subsequent to receiving the favourable decision in Perez, (the advisor on the historic Research and Development (R&D) expenditure claims 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.

## EMPLOYEES

The company now employs 77 highly qualified staff across five states and is well placed to take advantage of growth opportunities as they arise. The company has continued to invest in expanding its presence in South Australia, New South Wales and Queensland.

## PRINCIPAL ACTIVITIES

The principal business activity of Enevis is design, distribution and installation of audio visual, electrical and communication products and services. The company sold its street column lighting business in January 2020 and its commercial lighting business in August 2020.

## OUTLOOK

Following the exit of the lighting businesses the Company is now well placed to capitalise on the opportunities that exist within the audio visual, electrical and communications sector on a national basis

The expansion of the audio visual (AV) electrical and communication business has been slowed by Covid 19 however the company has won and completed a number of projects in the year with a high level of repeat customers and has a mix opportunities in pipeline both large and small. The company will look to take further advantage of its nation presence during the following year and take advantage of acquisition opportunities that may arise in the current environment.

The year ahead looks promising, with a greater than ever interest and need in audio visual and video conferencing services. Despite Covid 19 there are a number of projects in the pipeline, and the company is well placed to take advantage of opportunities as they arise.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as addressed above, there were no other significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year.

## 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 2020 or the year ended 30 June 2019.

## OPTIONS

No options were issued during the year ended 30 June 2020.

## SHARES UNDER OPTIONS

There are no unissued ordinary shares of Enevis Limited under option at the date of this report.

## Events Subsequent to Balance Date

On 7 August 2020 the Company completed the sale of the Commercial Lighting business and has completely exited its lighting businesses.

The company has been impacted by COVID19 Stage 4 restrictions specifically in Victoria on its construction projects. Whilst Enevis has a national footprint with many states experiencing reduced restriction measures, Victoria comprises approximately 50% of the Company's revenue.

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

Other than as noted above, 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 | Eligible to attend | Attended |
|---|---|---|
| Peter Jinks | 12 | 11 |
| Greg Jinks | 12 | 10 |
| Terence Grigg | 12 | 12 |
| Thomas Krulis | 9 | 6 |

## 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 | 17,176,025 | Nil |
| Greg Jinks | 17,176,025 | Nil |
| Terence Grigg | 257,250 | Nil |
| Thomas Krulis | 1,972,842 | Nil |

## 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 51.

## NON-AUDIT SERVICES

Non-audit services are approved by resolution of 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 board of Directors 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 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: | 2020 $ | 2019 $ |
|---|---|---|
| Taxation services | 40,000 | 60,570 |
| | **40,000** | **60,570** |

## 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 Mr Greg Jinks (Executive Director) whom are on three months' notice periods. The Company has employment agreements with each of its senior executives. There are no written agreements with the other non executive 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** (resigned 23 March 2020) | Non-Executive Director |

## DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

| | Short-term | Post-employment | Total |
|---|---|---|---|
| **2020** | **Salary and Fees $** | **Superannuation $** | **S** |
| **Peter Jinks** | 203,109 | 7,673 | 210,782 |
| **Greg Jinks** | 204,564 | 7,788 | 212,352 |
| **Terence Grigg** | 30,000 | - | 30,000 |
| **Thomas Krulis** (resigned 23 March 2020) | 22,000 | - | 22,000 |
| | **459,673** | **15,461** | **475,134** |

| | Short-term | Post-employment | Total |
|---|---|---|---|
| **2019** | **Salary and Fees $** | **Superannuation $** | **S** |
| **Peter Jinks** | 227,173 | 21,227 | 248,400 |
| **Greg Jinks** | 183,146 | 17,399 | 200,545 |
| **Terence Grigg** | 30,000 | - | 30,000 |
| **Thomas Krulis** | 30,000 | - | 30,000 |
| | **470,319** | **38,626** | **508,945** |

## CONSEQUENCES OF COMPANY'S PERFORMANCE ON SHAREHOLDER WEALTH

The following table summarises company performance and key performance indicators:

| | 2020 | 2019 | 2018 | *restated 2017 | *restated 2016 |
|---|---|---|---|---|---|
| Sales revenue | **$36,173,248** | $41,186,567 | $27,150,403 | $20,239,474 | $15,415,780 |
| %$ increase in revenue | **(12%)** | 52% | 34% | 31% | 4% |
| Profit/(loss) before tax | **($4,989,287)** | $19,167 | ($3,008,917) | ($1,806,402) | ($1,022,704) |
| % increase in profit/(loss) before tax | **(26329%)** | 101% | (67%) | (77%) | 71% |
| Change in share price (%) | **(77%)** | 0% | (33%) | (25%) | (18%) |
| Dividend paid to shareholders | **-** | - | - | - | - |
| Return of capital ($) | **-** | - | - | - | - |
| Total remuneration of KMP | **$475,134** | $508,945 | $545,460 | $650,348 | $621,676 |
| Total performance based onremuneration | **-** | - | - | - | - |

## KEY MANAGEMENT PERSONNEL'S EQUITY HOLDINGS

### (A) NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

No options have been held by key management personnel during the financial year 30 June 2020.

### (B) NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

| 2020 | Balance 1 July 2019 | Received as remuneration | Other Changes | Share Purchases (Rights Issue) | Balance 30 June 2020 | Balance held directly | Balance held indirectly |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| Peter Jinks | 6,019,167 | - | - | 11,156,858 | 17,176,025 | 1,948,751 | 15,227,274 |
| Greg Jinks | 7,019,167 | - | - | 10,156,858 | 17,176,025 | - | 17,176,025 |
| Terence Grigg | 171,500 | - | - | 85,750 | 257,250 | - | 257,250 |
| Thomas Krulis | 2,076,666 | - | (103,824) | - | 1,972,842 | - | 1,972,842 |
| | **15,286,500** | **-** | **(103,824)** | **21,399,466** | **36,582,142** | **1,948,751** | **34,633,391** |

## TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

- The secured and unsecured loans of $1.4M with Moller Volantor (an entity related to Greg Jinks) were repaid with the proceeds from the rights issue in June 2020.
- Lawson Lodge Country Estate (Macedon), a conference centre owned by Greg Jinks invoiced the company for $2,549 (2019: $24,199). The transaction was on an arm's length basis on normal commercial terms and conditions.
- The Company paid interest cost of $138,920 to Moller Volantor during the financial year ended on 30 June 2020 (2019: $102,808).
- Greg Jinks invoiced the company for director fees of $144,400 (2019: Nil) via his entity Jinks Consulting Group.
- Peter Jinks invoiced the company for director fees of $144,400 (2019: Nil) via his entity Bundarah Pty Ltd.
- Terence Grigg invoiced the company for director fees of $30,000 (2019: $30,000)
- Thomas Krulis invoiced the company for director fees of $22,000 (2019: $30,000) via his entity Inspirational Retailing Pty Ltd.
- The following amounts are owed to directors as at 30 June 2020:

- Peter Jinks - $14,514.23 (2019: Nil)
- Greg Jinks - $26,851.61 (2019: $1,650)
- Terence Grigg - $2,500 (2019: $2,500)

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 2018 ANNUAL GENERAL MEETING (AGM)

The company received 93% of 'for' votes in relation to its remuneration report for the year ended 30 June 2019. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2019 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 2020 in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

**Peter Jinks**

CHAIRMAN & MANAGING DIRECTOR

31 August 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Revenue and other income** | | | |
| Sales revenue | 4 | 26,551,125 | 25,173,473 |
| Other income | 5 | 838,727 | 185,933 |
| Total Revenue and other income | | **27,389,852** | **25,359,406** |
| **EXPENSES** | | | |
| Raw material, consumables and logistics | | (16,770,615) | (14,589,277) |
| Employee benefit expenses | 6 | (9,830,845) | (8,616,309) |
| Occupancy expenses | | (45,501) | (270,722) |
| Administration expenses | | (1,126,722) | (743,890) |
| Depreciation and amortisation | 6 | (483,703) | (100,733) |
| Finance charges | 6 | (347,078) | (420,172) |
| Total Expenses | | **(28,604,464)** | **(24,741,103)** |
| **(Loss) /profit before income tax** | | **(1,214,612)** | **618,303** |
| Income tax expense | 7 | - | - |
| (Loss) / profit after income tax from continuing operations | | **(1,214,612)** | **618,303** |
| Loss after income tax from discontinued operations | 9 | (3,744,675) | (599,136) |
| (Loss) / profit for the year | | **(4,989,287)** | **19,167** |
| **Other Comprehensive Income** | | - | - |
| Total Comprehensive (Loss) / profit for the year | | (4,989,287) | 19,167 |
| (Loss) / profit attributable to members of the Parent Entity | | **(4,989,287)** | **19,167** |
| **(Loss) / Earnings per share from continuing operations** (cents per share) | | | |
| Basic | 26 | (1.80) | 0.97 |
| Diluted | 26 | (1.80) | 0.97 |
| **(Loss) / Earnings per share from discontinued operations** (cents per share) | | | |
| Basic | 26 | (5.60) | (0.94) |
| Diluted | 26 | (5.60) | (0.94) |
| **(Loss) /Earnings per share attributable to equity holders of the parent entity** (cents per share) | | | |
| Basic | 26 | (7.40) | 0.03 |
| Diluted | 26 | (7.40) | 0.03 |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2020

| | Notes | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 10 | 229,005 | 679,878 |
| Trade and other receivables | 11 | 6,235,181 | 9,292,849 |
| Inventories | 12 | 170,528 | 5,336,670 |
| Assets held for sale | 9(b)(iii) | 990,670 | - |
| Other current assets | 13 | 115,066 | 230,387 |
| Total Current Assets | | **7,740,450** | **15,539,784** |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 14 | 229,055 | 522,448 |
| Lease Assets | 15(a) | 854,386 | - |
| Intangible Assets | 16 | 33,379 | 1,267,174 |
| Other non-current assets | 13 | 131,654 | 159,999 |
| Total Non-Current Assets | | 1,248,474 | 1,949,621 |
| Total Assets | | 8,988,924 | 17,489,405 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 17 | 5,890,922 | 8,219,621 |
| Borrowings | 18(a) | 1,401,589 | 3,361,560 |
| R&D tax payable | 19(a) | 860,520 | - |
| Provisions | 20(a) | 588,270 | 721,784 |
| Lease liabilities | 15(b) | 438,785 | - |
| Liabilities held for sale | 9(b)(iii) | 51,351 | - |
| Total Current Liabilities | | **9,231,437** | **12,302,965** |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 18(b) | - | 1,200,000 |
| R&D tax payable | 19(b) | 1,001,640 | 2,112,613 |
| Provisions | 20(b) | 47,712 | 118,250 |
| Lease liabilities | 15(c) | 482,471 | - |
| Total Non-Current Liabilities | | 1,531,823 | 3,430,863 |
| Total Liabilities | | 10,763,260 | 15,733,828 |
| (Net Asset Deficiency) / Net Assets | | (1,774,336) | 1,755,577 |
| **EQUITY** | | | |
| Contributed equity | 21 | 20,658,305 | 19,198,931 |
| Accumulated losses | 22 | (22,432,641) | (17,443,354) |
| Total Equity | | **(1,774,336)** | **1,755,577** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 44,338,769 | 41,464,294 |
| Receipts from government incentives | | 697,596 | - |
| Payments to suppliers and employees | | (44,686,391) | (43,733,057) |
| Interest received | | 4,526 | 4,114 |
| Interest paid | | (477,470) | (507,328) |
| Net cash used in operating activities | **23(a)** | **(122,970)** | **(2,771,977)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for plant and equipment | | (14,877) | (196,839) |
| Proceeds from disposal of plant and equipment | | 19,682 | 16,642 |
| Payment for intangibles | | - | (387,720) |
| Proceeds from bank guarantees | | 28,345 | - |
| Proceeds from sale of discontinued operations | | 2,090,929 | - |
| Net cash provided by / (used in) investing activities | | **2,124,079** | **(567,917)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 500,257 | 3,062,347 |
| Payment of lease liabilities | | (500,932) | - |
| Proceeds from borrowings | | 240,000 | 1,650,367 |
| Repayments from borrowings | | (2,691,307) | (695,849) |
| Net cash (used in) / provided by financing activities | | (2,451,982) | 4,016,865 |
| Net (decrease) / increase in cash and cash equivalents | | (450,873) | 676,971 |
| Cash and cash equivalents at the beginning of the financial year | | 679,878 | 2,907 |
| Cash and cash equivalents at the end of the financial year | **23(b)** | 229,005 | 679,878 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2020

| | Contributed Equity $ | Accumulated Losses $ | Total $ |
|---|---|---|---|
| As at 1 July 2018 | 14,419,075 | (17,462,521) | (3,043,446) |
| Issue of shares | 4,967,509 | - | 4,967,509 |
| Cost of issue of shares | (187,653) | - | (187,653) |
| Profit for the year | - | 19,167 | 19,167 |
| As at 30 June 2019 | **19,198,931** | **(17,443,354)** | **1,755,577** |
| | | | |
| As at 1 July 2019 | 19,198,931 | (17,443,354) | 1,755,577 |
| Right Issue of shares | 1,498,752 | - | 1,498,752 |
| Cost of issue of shares | (39,378) | - | (39,378) |
| Loss for the year | - | (4,989,287) | (4,989,287) |
| As at 30 June 2020 | **20,658,305** | **(22,432,641)** | **(1,774,336)** |

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 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 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. 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 2020 was authorised for issue in accordance with a resolution of the directors on 31 August 2020.

##### 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.

##### Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

##### 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 to the consolidated financial statements.

#### (B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

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 group balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group 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 are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and the 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 measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

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 amount of any 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) INTANGIBLE ASSETS

#### Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

#### Separately acquired Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and 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. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

#### Intangible Assets Acquired in a Business Combination

Intangibles acquired in a business combination are initially recognised at fair value (which, for accounting purposes, is treated as the cost of the intangible asset), and are subsequently 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. Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost, less accumulated amortisation and any accumulated impairment losses.

#### IT software development costs

Costs incurred in developing IT software are initially recognised as an asset and are subsequently 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. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

### (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 of $4,989,287 during the year ended 30 June 2020 (year ended 30 June 2019 profit of $19,167), and as at that date, the group's net asset deficiency was ($1,774,336) (30 June 2019: net asset position $1,755,577). The working capital position as at 30 June 2020 has a deficiency of current assets over current liabilities of $1,490,987 (30 June 2019: current assets over current liabilities $3,236,819).

The group produced negative cash flows from operating activities for the year ended 30 June 2020 of $122,970 (30 June 2019: $2,771,977). 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 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 are based on increasing revenues from the expanding audio-visual products and solutions, electrical and communication services which support improving cashflows from operating activities, whilst considering the impact of Covid-19 in Victoria as noted in Note 31: Subsequent events.
- The Group has also assessed alternative cash flow projections based on its ability to manage and reduce costs in the event that was required, and these alternatives show that it is feasible for the group to enact reductions in sufficient time if required.
- The Group will continue to be eligible for the Government's JobKeeper program through to September 2020. In addition, the group forecast indicates that it is likely to qualify for JobKeeper 2.0 which would see payments continue for the December quarter.
- The Group continues to comply with the agreement with the Australian Taxation Office for an orderly repayment of the R&D tax payable which enables the Group to manage repayment of this debt. Broadly, this comprises repayment by instalments over a three (3) year timeframe ending May 2022.
- The Group is in negotiations with the ATO to extend the repayment terms of the R&D tax payable, whilst a position has not been reached, in the directors' opinion, it is likely that the terms will be extended.
- The Group has the ongoing support of its Debtor Financiers and at the date of this report and is operating comfortably within the limits of the facility.
- The Group received a net cash inflow of $728,825 from the sale of the Commercial lighting business in August 2020.

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 consolidated 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 consolidated statement of financial position.

## (F) FINANCIAL INSTRUMENTS

### 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.

### Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- **a.** the group's business model for managing the financial assets; and
- **b.** the contractual cash flow characteristics of the financial asset.

### Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

### Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

### Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

**a.** debt instruments measured at amortised cost;

**b.** debt instruments classified at fair value through other comprehensive income; and

**c.** receivables from contracts with customers and contract assets.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 90 days past due.

The group determines expected credit losses based on individual debtor level expectations relative to credit terms, adjusted for factors that are specific to the debtor as well as relevant current and future expected economic conditions. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

**a.** significant financial difficulty of the issuer or the borrower;

**b.** breach of contract;

**c.** the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

**d.** it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are 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

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. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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 include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## (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 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 group 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.

#### (v) Bonus plan

The group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

### (L) PROVISIONS

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### (M) LEASES

#### Accounting policy applied to the information presented for the current period under AASB 16 Leases:

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

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 associated 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

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 the 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.

#### Accounting policy applied to the information presented for the prior period under AASB 117 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 group 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 group's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss and other comprehensive income. Lease assets are depreciated on a straight-line basis over their estimated useful lives where it is likely the group 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 customer receives the goods, 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).

### (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 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) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

#### Functional and presentation currency

The financial statements are presented in Australian dollars which is the group's functional and presentation currency.

#### Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the group's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

All exchange gains or losses are recognised in profit or loss for the period in which they arise.

### (Q) 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.

## (R) 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.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income, to the extent that it does not exceed the amount in the revaluation surplus for the same asset. 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.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

### (S) 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.

### (T) DISCONTINUED OPERATIONS

A discontinued operation is a component of the group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single coordinated 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 statement of profit or loss and other comprehensive income.

### (U) COMPARATIVE INFORMATION

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

### (V) ROUNDING OF AMOUNTS

The group 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.

### (W) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AT 30 JUNE 2020

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.

### (X) NEW AND REVISED ACCOUNTING STANDARDS EFFECTIVE AT 30 JUNE 2020

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;

**(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

**(c)** 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 recognition of right-of-use assets with an aggregate carrying amount of $1,199,215 (referred to in these financial statements as "Lease 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 | **1,199,215** |

Further details of the Group's accounting policy for leases, for year period ended 30 June 2020, refer to note 1(m).

## NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed 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 6.

### Impairment of Goodwill

During the year the company disposed of its street column lighting business and commercial lighting business as referenced in discontinued operations note 9. Other than goodwill disposed of during the sale of the Street Column business, the balance which was to be disposed of with the sale of the Commercial Lighting business was impaired in full as at 30 June 2020. The impairment was as a result of the agreed sale price being less than the carrying value of assets.

## NOTE 3: FINANCIAL RISK MANAGEMENT

**(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 (2019: 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 21 (d) 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 allowance for credit 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.

# NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Financial Risk Management

Financial Liability and Financial Asset Maturity Analysis

| | Within 1 Year | | 1 to 5 Years | | Over 5 Years | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Consolidated Group** | | | | | | | | |
| **Financial liabilities due for payment** | | | | | | | | |
| Trade and other payables | (5,890,922) | (8,219,621) | - | - | - | - | (5,890,922) | (8,219621) |
| Borrowings | (1,401,589) | (3,361,560) | - | (1,200,000) | - | - | (1,401,589) | (4,561,560) |
| Lease liabilities | (438,785) | - | (482,471) | - | - | - | (921,256) | - |
| R&D Tax Payable | (860,520) | - | (1,001,640) | (2,112,613) | - | - | (1,862,160) | (2,112,613) |
| Total contractual outflows | **(8,591,816)** | **(11,581,181)** | **(1,484,111)** | **(3,312,613)** | **-** | **-** | **(10,075,927)** | **(14,893,794)** |
| **Financial assets — cash flows realisable** | | | | | | | | |
| Cash and cash equivalents | 229,005 | 679,878 | - | - | - | - | 229,005 | 679,878 |
| Trade and other receivables | 6,235,181 | 9,292,849 | - | - | - | - | 6,235,181 | 9,292,850 |
| Assets held for sale | 990,670 | - | - | - | - | - | 990,670 | - |
| Other assets | - | - | 131,654 | 159,999 | - | - | 131,654 | 159,999 |
| Total anticipated inflows | **7,454,855** | **9,972,727** | **131,654** | **159,999** | **-** | **-** | **7,586,510** | **10,132,727** |

## NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2020:

| | | | Fixed Interest Rate Maturity | | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate % | Variable interest rate | Less than 1 year | 2 to 5 years | Non-interest bearing | Total |
| **Year ended 30 June 2020** | | | | | | |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 0.01 | 229,005 | - | - | - | 299,005 |
| Current receivables | - | - | - | - | 6,235,181 | 6,235,181 |
| Assets held for sale | - | - | - | - | 990,670 | 990,670 |
| Other assets | 0.9 | 131,654 | - | - | - | 131,654 |
| | | **360,659** | **-** | **-** | **7,225,851** | **7,586,510** |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | - | - | - | - | 5,890,922 | 5,890,922 |
| Borrowings | 8.85 | 1,401,589 | - | - | - | 1,401,589 |
| Lease Liability | 6.00 | - | 438,785 | 482,471 | - | 921,256 |
| R&D Tax Payable | 3.89 | - | 860,520 | 1,001,640 | - | 1,862,160 |
| | | **1,401,589** | **1,299,305** | **1,484,111** | **5,890,922** | **10,075,927** |
| **Year ended 30 June 2019** | | | | | | |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 1.1 | 679,878 | - | - | - | 679,878 |
| Current receivables | - | - | - | - | 9,292,849 | 9,292,849 |
| Other assets | 1.9 | 159,999 | - | - | - | 159,999 |
| | | **839,877** | **-** | **-** | **9,292,849** | **10,132,726** |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | - | - | - | - | 8,219,621 | 8,219,621 |
| Borrowings | 9.75 | 3,313,008 | 48,552 | 1,200,000 | - | 4,561,560 |
| R&D Tax Payable | 4.96 | - | - | 2,112,613 | - | 2,112,613 |
| | | **3,313,008** | **48,552** | **3,312,613** | **8,219,621** | **14,893,794** |

## NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

**(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 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

| | 2020 $ | 2019 $ |
|---|---|---|
| Revenue from services | 26,551,125 | 25,173,473 |
| Total sales revenue from continuing operations | **26,551,125** | **25,173,473** |

Unearned revenue as recorded in Note 17, is recorded as a current liability and the underlying performance obligations are expected to be completed within 12 months

## NOTE 5: OTHER INCOME

| | 2020 $ | 2019 $ |
|---|---|---|
| Interest revenue | 1,395 | 2,626 |
| Other income * | 837,332 | 183,307 |
| Total other income from continuing operations | **838,727** | **185,933** |

* The Other income for the year ended 30 June 2020 comprises of government incentives such as job keeper, cashflow boost and payroll tax refund.

## NOTE 6: PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations before income tax has been determined after the following specific expenses:

| | 2020 $ | 2019 $ |
|---|---|---|
| **Depreciation and amortisation of non-current assets:** | | |
| Plant and equipment | 461,854 | 88,728 |
| Computer software | 21,849 | 12,005 |
| | **483,703** | **100,733** |
| **Finance Costs:** | | |
| Interest – other loans | 265,064 | 394,304 |
| Interest – Unlisted Convertible notes | - | 19,836 |
| Amortisation of deferred borrowing cost | - | 6,032 |
| Interest -lease liability | 82,014 | - |
| | **347,078** | **420,172** |
| **Employee Benefit Expenses:** | | |
| Wages | 7,647,267 | 6,815,953 |
| Superannuation | 719,190 | 645,832 |
| Other employee benefits | 1,464,388 | 1,154,524 |
| | **9,830,845** | **8,616,309** |

## 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) / profit before income tax | (4,989,287) | 19,167 |
| Prima facie income tax payable / (benefit) on profit/(loss) before | | |
| Income tax at 27.5% (2019: 27.5%) | (1,372,054) | 5,271 |
| Add tax effect of: | | |
| Temporary differences and tax losses not brought to account as deferred tax assets | 1,372,054 | (5,271) |
| Income tax expense | - | - |

## NOTE 8: ACQUISITION OF CONTROLLED ENTITIES

On 1 August 2018, the group completed the acquisition of the Lumex Electrical business and assets under the Assets Sale Agreement (ASA) between Scholz Industries Pty Ltd and SKS Lighting Pty Ltd (formally named Urban Lighting Group Pty Ltd), a wholly owned entity of Enevis Limited. The details are in note 4 of the annual report published for year ended 30 June 2019.

## NOTE 9: DISCONTINUED OPERATIONS

During the reporting period ended 30 June 2020 there were two discontinued operations as below;

(a) Disposal of the Street Column Lighting business on 31 January 2020

(b) Disposal of Commercial Lighting business on 7 August 2020 (contract of sale signed 2 July 2020.)

**(a) On 31 January 2020, the group sold of Street Column Lighting business and associated business assets. The results of the discontinued operations for the current and comparative period are presented below:**

| | 2020 $ | 2019 $ |
|---|---|---|
| **(i) Financial performance information** | | |
| Sales revenue | 4,883,906 | 7,381,975 |
| Expenses | (5,283,103) | (7,354,307) |
| Other income | 18,537 | 2,753 |
| (Loss) / Profit before income tax | **(380,660)** | **30,421** |
| Income tax expense | - | - |
| (Loss) / Profit after income tax from discontinued operations | **(380,660)** | **30,421** |
| Profit on disposal of the discontinued operations before income tax | 6,467 | - |
| Income tax expense | - | - |
| Profit on disposal of the discontinued operations after income tax | **6,467** | - |
| Net (Loss) / Profit from discontinued operation | **(374,193)** | **30,421** |
| **(ii) Cash flow information** | | |
| Net cash used in operating activities | (252,324) | (478,279) |
| Net cash from investing activities | 2,090,929 | (82,926) |
| Net cash used in financing activities | (204,798) | (292,042) |
| Net cash flow | **1,633,807** | **(853,247)** |

## NOTE 9: DISCONTINUED OPERATIONS (CONTINUED)

| | 2020 $ |
|---|---|
| **Details of discontinued operation disposed** | |
| Consideration received or receivable | 2,665,117 |
| Less: Net assets disposed of | (2,267,052) |
| Less: transaction costs to complete sale of business | (391,658) |
| Profit on disposal of discontinued operation before tax | 6,467 |
| Income tax expense | - |
| Profit on disposal of discontinued operation after tax | **6,467** |

**(b) Prior to 30 June 2020 a contract was made by the group to sell its commercial lighting business and associated business assets. The completion date of this contract was 7 August 2020. The results of the discontinued operations for the current and comparative period are presented below:**

| | 2020 $ | 2019 $ |
|---|---|---|
| **(i) Financial performance information** | | |
| Sales revenue | 4,738,217 | 8,631,119 |
| Expenses | (8,251,901) | (9,264,800) |
| Other income | 113,202 | 4,123 |
| Loss before income tax | **(3,400,482)** | **(629,557)** |
| Income tax expense | - | - |
| Loss after income tax from discontinued operations | **(3,400,482)** | **(629,557)** |
| Net Loss from discontinued operation | **(3,400,482)** | **(629,557)** |
| **(ii) Cash flow information** | | |
| Net cash used in operating activities | (959,833) | (1,262,647) |
| Net cash used in investing activities | (3,919) | (539,104) |
| Net cash (used in) / from financing activities | (581,414) | 2,692,463 |
| Net cash flow | **(1,545,166)** | **890,712** |
| **(iii) Carrying amount of assets and liabilities** | | |
| **Assets** | | |
| Inventory | 988,667 | 2,141,264 |
| Property, plant and equipment | 2,003 | 79,196 |
| Non-current assets classified as held for sale | **990,670** | **2,220,460** |
| **Liabilities** | | |
| Provisions- employee benefits | (51,351) | (120,822) |
| Liabilities directly associated with non-current assets classified as held for sale | (51,351) | (120,822) |
| Net assets attributable to discontinued operations | **939,319** | **2,099,638** |

## NOTE 10: CASH AND CASH EQUIVALENTS

| | 2020 $ | 2019 $ |
|---|---|---|
| Cash at Bank | 229,005 | 679,878 |
| | **229,005** | **679,878** |

## NOTE 11: CURRENT TRADE AND OTHER RECEIVABLES

| | | |
|---|---|---|
| Trade debtors | 4,365,393 | 7,826,963 |
| Retention debtors | 581,800 | 663,892 |
| Allowance for credit losses | (22,084) | (40,300) |
| Contract assets | 459,237 | 576,227 |
| Proceeds receivable from purchaser of Street Column business | 574,248 | - |
| Other receivables | 276,587 | 266,067 |
| | **6,235,181** | **9,292,849** |

**Movements in the allowance for credit losses were:**

| | | |
|---|---|---|
| Opening balance at 1 July | (40,300) | (1,253,620) |
| Charge for the year | (201,576) | (31,597) |
| Amounts written off | 219,792 | 1,244,917 |
| Closing balance at 30 June | **(22,084)** | **(40,300)** |

| Trade receivables ageing analysis at 30 June is | Gross 2020 | Expected credit loss 2020 $ | Gross 2019 | Expected credit loss 2019 $ |
|---|---|---|---|---|
| Not past due | 2,509,384 | - | 4,585,151 | - |
| Past due 0 - 30 days | 1,646,246 | - | 2,812,362 | - |
| Past due 31-60 days | 112,386 | - | 346,646 | - |
| Past due more than 60 days | 97,377 | (22,084) | 82,804 | (40,300) |
| | **4,365,393** | **(22,084)** | **7,826,963** | **(40,300)** |

## NOTE 12: INVENTORIES

| | 2020 $ | 2019 $ |
|---|---|---|
| Finished goods | 170,528 | 5,336,670 |
| At lower of cost and net realisable value | **170,528** | **5,336,670** |

## NOTE 13: OTHER CURRENT ASSETS

| | | |
|---|---|---|
| Current | | |
| **Prepayments and other assets** | **115,066** | **230,387** |
| Non Current | | |
| **Bank Guarantees** | **131,654** | **159,999** |

## NOTE 14: PLANT & EQUIPMENT

| | 2020 $ | 2019 $ |
|---|---|---|
| Plant and equipment | | |
| At cost | 813,431 | 1,181,175 |
| Accumulated depreciation | (584,376) | (658,727) |
| | **229,055** | **522,448** |

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

| | | |
|---|---|---|
| Plant and equipment | | |
| Carrying value as at 1 July | 522,448 | 466,864 |
| Additions | 14,877 | 196,839 |
| Assets acquired on acquisition of Lumex | - | 39,570 |
| Disposals | (73,353) | (26,602) |
| Assets disposed on sale of street column business | (123,422) | - |
| Transfer to assets held for sale | (2,003) | - |
| Depreciation expense | (109,492) | (154,223) |
| Carrying value as at 30 June | **229,055** | **522,448** |

## NOTE 15: LEASE ASSETS AND LEASE LIABILITIES

At the commencement date of a lease (other than 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.

| | 30 June 2020 $ |
|---|---|
| **(a) Carrying amount of lease assets, by class of underlying asset:** | |
| Buildings | 433,688 |
| Motor Vehicle | 420,698 |
| | **854,386** |

| 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 | 219,370 | 75,400 |
| Depreciation | (422,407) | (145,235) |
| Disposed with the sale of street column business | (71,957) | - |
| Carrying amount at 30 June 2020 | **433,688** | **420,698** |

| | 30 June 2020 $ |
|---|---|
| **Lease Liabilities** | |
| (b) Current lease liabilities | 438,785 |
| (c) Non-current lease liabilities | 482,471 |
| Total carrying amount of lease liabilities | **921,256** |

## NOTE 15: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

| Lease expenses and cashflows | 30 June 2020 $ |
|---|---|
| Interest expense on lease liabilities | 82,014 |
| Depreciation expense on lease assets | 567,642 |
| Total cash outflow in relation to leases | 500,932 |

## NOTE 16: INTANGIBLE ASSETS

| | 2020 $ | 2019 $ |
|---|---|---|
| Goodwill at cost (a) | - | 814,618 |
| Brand name – Forlite | - | 150,000 |
| Computer software (b) | 33,379 | 98,611 |
| Development costs (c) | - | 203,945 |
| | **33,379** | **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 on disposal of Street column business | (279,789) | - |
| Goodwill on acquisition of Lumex | - | 163,069 |
| Goodwill impaired (refer note 2) | (534,829) | - |
| Carrying value as at 30 June | - | **814,618** |

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

**Computer software**

| | | |
|---|---|---|
| Carrying value as at 1 July | 98,611 | 13,032 |
| Software costs capitalised | 9,716 | 136,961 |
| Amortisation | (48,106) | (51,382) |
| Impairment | (26,842) | - |
| Carrying value as at 30 June | **33,379** | **98,611** |

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

**Development costs**

| | | |
|---|---|---|
| Carrying value as at 1 July | 203,945 | - |
| Development costs capitalised | - | 250,759 |
| Amortisation | (125,380) | (46,814) |
| Impairment | (78,565) | - |
| Carrying value as at 30 June | - | **203,945** |

### Impairment Loss

The impairment relates to assets related to the Commercial Lighting business (classified as a discontinued operation during the period). The recoverable amount of these assets was determined to be impaired by reference to the agreed sale price.

## NOTE 17: CURRENT TRADE AND OTHER PAYABLES

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Trade payables (a) | 3,535,597 | 6,617,726 |
| Accrued expenses | 612,468 | 283,657 |
| Other payables | 502,823 | 522,941 |
| Unearned revenue | 1,240,034 | 795,297 |
| | **5,890,922** | **8,219,621** |

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

## NOTE 18: BORROWINGS

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **(a) Current** | | |
| **Secured:** | | |
| Bank and other loans (i) | 1,401,589 | 3,313,008 |
| | **1,401,589** | **3,313,008** |
| **(a) Non-Current** | | |
| **Secured:** | | |
| Borrowing from Moller Volantor (ii) | - | 900,000 |
| **Unsecured:** | | |
| Borrowing from Moller Volantor (iii) | - | 300,000 |
| | **-** | **1,200,000** |

(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) Secured loan from Moller Volantor 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, and this has been settled before 30 June 2020 via the proceeds of the right issue.

(iii) 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, and this has been settled before 30 June 2020 via the proceeds of the right issue.

## NOTE 19: R&D TAX PAYABLE

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **R&D Tax Payable** | **1,862,160** | **2,112,613** |
| (a) Current | 860,520 | - |
| (b) Non-Current | 1,001,640 | 2,112,613 |
| | **1,862,160** | **2,112,613** |

Following realisation that the projects 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 to amend its historic claims in full, requiring it to repay the cash refunds received totalling $2,332,681 and associated interest charges. Broadly, this comprises repayment by instalments over a three (3) year timeframe ending May 2022.

## NOTE 20: PROVISION – EMPLOYEE BENEFITS

| | 2020 $ | 2019 $ |
|---|---|---|
| Balance at 1 July | 840,034 | 627,456 |
| Provision for the year | 729,514 | 745,583 |
| Acquired on purchase of Lumex | - | 13,713 |
| Provision for redundancy | 18,151 | - |
| Transfer to liabilities held for sale | (51,351) | - |
| Amounts used | (900,366) | (546,718) |
| Balance as at 30 June | **635,982** | **840,034** |
| **(a) Employee benefits – Current** | 588,270 | 721,784 |
| **(b) Employee benefits – Non-Current** | 47,712 | 118,250 |
| | **635,982** | **840,034** |

## NOTE 21: SHARE CAPITAL

| | 2020 $ | 2019 $ |
|---|---|---|
| **(a) Issued and paid up capital** | | |
| Ordinary shares fully paid | 20,658,305 | 19,198,931 |

### (b) Movements in shares on issue

| | Parent Equity 2020 | | Parent Equity 2019 | |
|---|---|---|---|---|
| | No of Shares | $ | No of Shares | $ |
| Balance as at 1 July | 66,611,100 | 19,198,931 | 42,087,214 | 14,419,075 |
| Issue of shares to vendor of Lumex | - | - | 5,587,547 | 1,117,509 |
| Issue of shares for cash consideration | - | - | 16,250,000 | 3,250,000 |
| Issue of shares on debt to equity conversion | - | - | 1,000,000 | 200,000 |
| Right issue of shares | 33,305,604 | 1,498,752 | - | - |
| Cost of issue of shares | - | (39,378) | - | (187,653) |
| Issue of shares on conversion of Convertible Notes | - | - | 1,686,339 | 400,000 |
| Balance as at 30 June | **99,916,704** | **20,658,305** | **66,611,100** | **19,198,931** |

### (c) 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.

### (d) 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.

### (e) Options

The Company has nil options outstanding as at 30 June 2020.

## NOTE 22: ACCUMULATED LOSSES

| | 2020 $ | 2019 $ |
|---|---|---|
| Balance at beginning of year | (17,443,354) | (17,462,521) |
| Net (Loss) / Profit | (4,989,287) | 19,167 |
| Balance at end of year | (22,432,641) | (17,443,354) |

## NOTE 23: STATEMENT OF CASH FLOWS

| | 2020 $ | 2019 $ |
|---|---|---|

**(a) Reconciliation of cash flow from operations with profit / (loss) after income tax.**

| | | |
|---|---|---|
| Net profit / (loss) after income tax | (4,989,287) | 19,167 |
| Loss on sale of assets | 73,328 | 9,960 |
| Depreciation & amortisation expense | 850,620 | 252,419 |
| Amortisation of deferred borrowing costs | - | 6,032 |
| Impairment expense | 790,237 | 174,143 |
| Finance costs capitalised | - | 69,466 |
| Interest on lease liability | 82,014 | - |
| **Change in net assets and liabilities** | | |
| (Increase)/decrease in assets: | | |
| Current receivables | 3,068,188 | (4,176,780) |
| Current inventories | 2,150,540 | (2,030,017) |
| Other current assets | 133,146 | (151,992) |
| Increase/(decrease) in liabilities: | | |
| Trade and other payables | (2,292,333) | 2,856,760 |
| Provisions | 10,577 | 198,865 |
| Net cash used in operating activities | (122,970) | (2,771,977) |

**(b) 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 at bank | 229,005 | 679,878 |
| | 229,005 | 679,878 |

**(c) Financing Facilities:**

Maximum available subject to (d) below

| | | |
|---|---|---|
| Cash at bank | 3,000,000 | 4,000,000 |
| | 3,000,000 | 4,000,000 |

**(d) Facilities in use at the end of the financial year**

| | | |
|---|---|---|
| Bank and other loans (i) | 1,401,589 | 3,313,008 |
| | 1,401,589 | 3,313,008 |

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

## NOTE 24: 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 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or assets noted for the reporting period ended 30 June 2020 (2019: $nil).

## NOTE 26: LOSS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

| | 2020 $ | 2019 $ |
|---|---|---|
| (Loss) / Profit from continuing operations | (1,214,612) | 618,303 |
| Loss from discontinued operations | (3,774,675) | (599,136) |
| (Loss) / Profit used in the calculation of basic (loss) / profit per share | (4,989,287) | 19,167 |

| | No of Shares | |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 67,430,090 | 63,892,913 |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | 67,430,090 | 63,892,913 |

## NOTE 27: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

### (a) Details of Directors

| Directors | |
|---|---|
| **Peter Jinks** | Managing Director and Chairman |
| **Greg Jinks** | Executive Director |
| **Terence Grigg** | Non-Executive Director |
| **Thomas Krulis** (resigned 23 March 2020) | Non-Executive Director |

### (b) Remuneration by Category: Directors and Executives

| | 2020 $ | 2019 $ |
|---|---|---|
| Short-term employee benefits | 459,673 | 470,319 |
| Long-term employee benefits | - | - |
| Post-employment Employee benefits | 15,461 | 38,626 |
| Total | 475,134 | 508,945 |

## NOTE 28: RELATED PARTY DISCLOSURES

### (a) The consolidated financial statements include the financial statements of Enevis Ltd and its controlled entities listed below:

| | | Percentage Owned | |
|---|---|---|---|
| Name of Company | Country of Incorporation | 2020 | 2019 |
| **Parent Entity** | | | |
| Enevis Limited | Australia | | |
| **Controlled Entities** | | | |
| SKS Technologies Pty Ltd | Australia | 100% | 100% |
| SKS Technologies Construction Pty Ltd | Australia | 100% | 100% |
| SKS Lighting Pty Ltd* | Australia | 100% | 100% |
| Dueltek Pty Ltd | Australia | 100% | 100% |
| Enegrow Pty Ltd | Australia | 100% | 100% |
| Lumigrow Pty Ltd | Australia | 100% | 100% |

* Urban Lighting Group Pty Ltd changed its name to SKS Lighting Pty Ltd during the reporting period.

## NOTE 28: RELATED PARTY DISCLOSURES (CONTINUED)

**(b) The following are the total amount of transactions that were entered into with related parties for the relevant financial year:**

- The secured and unsecured loans of $1.4M with Moller Volantor (an entity related to Greg Jinks) were repaid with the proceeds from the rights issue in June 2020.
- Lawson Lodge Country Estate (Macedon), a conference centre owed by Greg Jinks invoiced the company for $2,549 (2019: $24,199). The transaction was on an arm's length basis on normal commercial terms and conditions.
- The Company paid interest cost of $138,920 to Moller Volantor during the financial year ended on 30 June 2020 (2019: $102,808).
- Greg Jinks invoiced the company for director fees of $144,400 (2019: Nil) via his entity Jinks Consulting Group.
- Peter Jinks invoiced the company for director fees of $144,400 (2019: Nil) via his entity Bundarah Pty Ltd.
- Terence Grigg invoiced the company for director fees of $30,000 (2019: $30,000)
- Thomas Krulis invoiced the company for director fees of $22,000 (2019: $30,000) via his entity Inspirational Retailing Pty Ltd.

**(c) The following amounts are owed to directors as at 30 June 2020:**

- Peter Jinks - $14,514.23 (2019: Nil)
- Greg Jinks - $26,851.61 (2019: $1,650)
- Terence Grigg - $2,500 (2019: $2,500)

## NOTE 29: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditors for:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Audit or review of the financial report of the entity | 136,075 | 112,760 |
| Taxation services | 40,000 | 60,570 |
| | 176,075 | 173,330 |

## NOTE 30: 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

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **(a) Summarized Statement of Financial Position** | | |
| Current assets | 585,780 | 5,309,150 |
| Non-current assets | 55,856 | 61,591 |
| Total assets | **641,636** | **5,370,741** |
| Current liabilities | 549,066 | 592,093 |
| Non-current liabilities | 1,866,906 | 3,023,071 |
| Total liabilities | **2,415,972** | **3,615,164** |
| Net assets/(liabilities) | **(1,774,336)** | **1,755,577** |

## NOTE 29: PARENT ENTITY DISCLOSURE (CONTINUED)

| Shareholders' equity | 2020 $ | 2019 $ |
|---|---|---|
| **i) Issued capital** | 20,658,305 | 19,198,931 |
| **ii) Accumulated losses** | (22,432,641) | (17,443,354) |
| Total equity | (1,774,336) | 1,755,577 |

### (b) Summarized Statement of Comprehensive Income

| | | |
|---|---|---|
| Net (Loss) / profit | (4,989,287) | 19,167 |
| Total comprehensive income | (4,989,287) | 19,167 |

### (c) Parent Entity Guarantees

| | | |
|---|---|---|
| Guarantees provided by parent entity in relation to the debts of the subsidiaries | 2,322,846 | 3,236,856 |

## NOTE 31: SUBSEQUENT EVENTS

On 2 July 2020 the contract was signed by the group to sell its commercial lighting business and associated business assets. The sale of the commercial lighting business was successfully settled on 7 August 2020. Net proceeds from sale was $ 728,825.

The company has been impacted by COVID19 Stage 4 restrictions specifically in Victoria on its construction projects. Whilst Enevis has a national footprint with many states experiencing reduced restriction measures, Victoria comprises approximately 50% of the Company's revenue.

Other than the above, there were no matters or circumstances specific to Enevis Limited that have arisen since 30 June 2020 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.

# DIRECTORS' DECLARATION

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The directors declare that

1. In the director's opinion the financial statements and notes thereto, as set out on pages 22 to 49 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 2020 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 2020.

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

**Peter Jinks**
CHAIRMAN & MANAGING DIRECTOR

31 August 2020

PITCHER PARTNERS

**ENEVIS LIMITED**
**ABN 24 004 554 929**

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

In relation to the independent audit for the year ended 30 June 2020, 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.

F V RUSSO
Partner

31st August 2020

PITCHER PARTNERS
Melbourne

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 2020, 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 2020 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 (including Independence Standards)* (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 had cash outflows from operating activities for the year ended 30 June 2020 of $122,970 (30 June 2019: $2,771,977).

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.

### 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.

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

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| *Revenue Recognition*<br><br>Refer to Note 1(n) and Note 4 | |
| The Group's revenue is primarily derived from the sale of products and provision of services in relation to audio-visual and lighting projects.<br><br>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.<br><br>We consider revenue is a key audit matter because of its significance to profit/(loss), the high volume of revenue transactions associated with revenue and for certain contracts, and the judgement that is required by management in recognising revenue. | Our procedures included, amongst others:<br>• Obtaining an understanding of the controls relevant to revenue recognition<br>• Reviewing and testing a sample of journals impacting revenue<br>• 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<br>• 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:<br>  - assessing the Group's estimated costs to complete by analysing any subsequent changes to cost estimates post year end; and<br>  - assessing management's estimates of total contract costs and recalculating the stage of completion based on actual costs incurred to date<br>• Assessing the adequacy of disclosure in the financial statements. |

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Director's report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the Chairman & Managing Directors' report, which is expected to be made available to us after that date.

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, on the other information that we obtained prior to the data of this auditor's report, 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 actions taken to eliminate threats or safeguards applied.

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 19 to 21 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Enevis Limited, for the year ended 30 June 2020, 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.

**F V RUSSO**
Partner

**PITCHER PARTNERS**
Melbourne

31st August 2020

# SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

## STATEMENT OF SECURITY HOLDERS AS AT 28 AUGUST 2020

### (a) Distribution of Shareholders by Sizes of Holdings

| | |
|---|---|
| 1 - 1,000 | 145 |
| 1,001 - 5,000 | 86 |
| 5,001 - 10,000 | 21 |
| 10,001 - 100,000 | 122 |
| 100,001 and over | 109 |
| Total | 483 |

| | |
|---|---|
| Holding less than a marketable parcel | 229 |

Voting Rights - Each ordinary share carries one vote

### (b) Twenty Largest Shareholders

| Shareholder | Number | Percentage |
|---|---|---|
| MR GREGORY DARRELL JINKS + MRS DOROTHY JINKS <GD SUPER FUND A/C> | 17,176,025 | 17.19 |
| BUNDARAH PTY LTD | 8,147,274 | 8.15 |
| VOLANTOR SUPERANNUATION FUND PTY LTD <VOLANTOR SUPER FUND A/C> | 7,080,000 | 7.09 |
| SCHOLZ INDUSTRIES PTY LTD | 6,437,547 | 6.44 |
| MANISA NOMINEES PTY LIMITED <LASKY SUPER FUND A/C> | 6,215,000 | 6.22 |
| FAREVIEW PTY LTD <THE A&M FAMILY A/C> | 3,750,000 | 3.75 |
| MR EDWARD PETER GOODWIN + MRS LOUISE JANE GOODWIN <GOODWIN SUPER FUND A/C> | 3,750,000 | 3.75 |
| BICKHAM COURT SUPERANNUATION PTY LTD <BICKHAM COURT SUPER FUND AC> | 2,012,499 | 2.01 |
| MR PETER RAYMOND JINKS + MRS VELDA JINKS | 1,948,751 | 1.95 |
| BENTMONT PTY LTD | 1,530,000 | 1.53 |
| KINSHIP NOMINEES PTY LTD <MALEK SUPER FUND A/C> | 1,530,000 | 1.53 |
| PRIMA GROWTH FUND PTY LTD | 1,517,302 | 1.52 |
| JIREB PTY LTD <M & A SUPER FUND A/C> | 1,426,550 | 1.43 |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 1,177,506 | 1.18 |
| MISS KRISTIE JINKS + MR MATTHEW JINKS + MISS LISA JINKS <PV SUPER FUND A/C> | 1,086,000 | 1.09 |
| BOND STREET CUSTODIANS LIMITED <BKOHN - V05589 A/C> | 1,062,842 | 1.06 |
| CARTMAN & CO PTY LTD | 1,000,000 | 1.00 |
| VIVRE INVESTMENTS PTY LTD | 1,000,000 | 1.00 |
| BOND STREET CUSTODIANS LIMITED <BKOHN - V04155 A/C> | 910,000 | 0.91 |
| GREEN FAMILY PTY LTD <GREEN FAMILY SUPER FUND2 A/C> | 833,333 | 0.83 |
| **Total for top 20** | **69,590,629** | **69.65** |
| **Total Other Investor** | **30,326,075** | **30.35** |
| **Grand Total** | **99,916,704** | **100.00** |

## (c) Substantial shareholders as per substantial shareholder advices held at 28 August 2020

| Name | Number of Ordinary Shares to which Person Entitled |
|---|---|
| Mr Greg Jinks | 17,176,025 |
| Mr Peter Jinks | 17,176,025 |
| Mr Erik Sholz | 7,075,047 |
| Manisa Nominees Pty Ltd | 6,215,000 |
| Total | 47,642,097 |

## (d) Securities subject to voluntary escrow

## (e) Unquoted equity securities

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