

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from April 1, 2019 to June 30, 2019

Commission file number 1-37974

VIVOPOWER INTERNATIONAL PLC

(Exact name of Registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

Unit 3.02, 411-413 Oxford Street

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(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class
Ordinary Shares, nominal value \$0.012 per share

Name of each exchange on which registered
The Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value \$0.012 per share	13,557,356
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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

EXPLANATORY NOTE

On July 22, 2019, the Board of Directors of VivoPower International PLC (the "Company") adopted a resolution to change the Company's fiscal year end from March 31 to June 30, commencing June 30, 2019. Accordingly, this transition report on Form 20-F for the three-month transition period from April 1, 2019 to June 30, 2019, (this, "Transition Report") is being filed in accordance with SEC rules and regulations.

TABLE OF CONTENTS

Introduction	1
Forward Looking Statements	1
PART I	2
Item 1. Identity of Directors, Senior Management and Advisors	2
Item 2. Offer Statistics and Expected Timetable	2
Item 3. Key Information	2
A. Selected Financial Data	2
B. Capitalization and Indebtedness	3
C. Reasons for the Offer and Use of Proceeds	3
D. Risk Factors	3
Item 4. Information on the Company	17
A. History and Development of the Company	17
B. Business Overview	18
C. Organizational Structure	25
D. Property, Plant and Equipment	26
Item 4A. Unresolved Staff Comments	26
Item 5. Operating and Financial Review and Prospects	26
A. Operating Results	27
B. Liquidity and Capital Resources	44
C. Research and Development, Patents, Licenses, etc.	49
D. Trend Information	49
E. Off-Balance Sheet Arrangements	49
F. Contractual Obligations and Commitments	49
Item 6. Directors, Senior Management and Employees	50
A. Directors and Senior Management	50
B. Compensation	52
C. Board Practices	53
D. Employees	56
E. Share Ownership	56
Item 7. Major Shareholders and Related Party Transactions	57
A. Major Shareholders	57
B. Related Party Transactions	58
C. Interests of Experts and Counsel	60
Item 8. Financial Information	60
A. Consolidated Statements and Other Financial Information	60
B. Significant Changes	61
Item 9. The Offer and Listing	61
A. Offering and Listing Details	61
B. Plan of Distribution	61
C. Markets	61
D. Selling Shareholders	61
E. Dilution	61
F. Expenses of the Issue	61
Item 10. Additional Information	61
A. Share Capital	61
B. Memorandum and Articles of Association	61
C. Material Contracts	61
D. Exchange Controls	61
E. Taxation	62
F. Dividends and Paying Agents	68
G. Statements by Experts	68
H. Documents on Display	68
I. Subsidiary Information	69
Item 11. Quantitative and Qualitative Disclosures about Market Risk	69

Item 12. Description of Securities Other than Equity Securities	70
A. Debt Securities	70
B. Warrants and Rights	70
C. Other Securities	70
D. American Depositary Shares	70
PART II	70
Item 13. Defaults, Dividend Arrearages and Delinquencies	70
Item 14. Material Modifications to the Rights of Securityholders and Use of Proceeds	70
Item 15. Controls and Procedures	71
Item 16. [Reserved]	71
Item 16A. Audit Committee Financial Expert	71
Item 16B. Code of Ethics	72
Item 16C. Principal Accountant Fees and Services	72
Item 16D. Exemption from the Listing Standards for Audit Committees	73
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	73
Item 16F. Change in Registrant's Certifying Accountant	73
Item 16G. Corporate Governance	73
Item 16H. Mine Safety Disclosure	73
PART III	73
Item 17. Financial Statements	73
Item 18. Financial Statements	73
Item 19. Exhibits	74
Index to Consolidated Financial Statements	F-1

Introduction

References in this Transition Report on Form 20-F (the "Transition Report") to "VivoPower International PLC", "VivoPower", "we", "our", "us" and the "Company" refer to VivoPower International PLC and its consolidated subsidiaries. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"), and are expressed in U.S. dollars. References to "dollars" or "\$" are to U.S. dollars. The reporting period for this Transition Report is for the three-month period from April 1, 2019 to June 30, 2019.

Certain amounts and percentages that appear in this Transition Report have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

Forward-Looking Statements

This Transition Report contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Transition Report include, but are not limited to, statements about:

- our expectations regarding our revenue, expenses and other results of operations;
- our plans to acquire, invest in, develop or sell our investments in energy projects or joint ventures;
- our ability to attract and retain customers;
- the growth rates of the markets in which we compete;
- our liquidity and working capital requirements;
- our ability to raise sufficient capital to realize development opportunities and thereby generate revenue;
- our anticipated strategies for growth;
- our ability to anticipate market needs and develop new and enhanced solutions to meet those needs;
- anticipated trends and challenges in our business and in the markets in which we operate;
- our expectations regarding demand for solar power by energy users or investor in projects;
- our expectations regarding changes in the cost of developing and constructing solar projects;
- our ability to compete in our industry and innovation by our competitors; and,
- our ability to adequately protect our intellectual property; and
- our plans to pursue strategic acquisitions.

We caution you that the foregoing list may not contain all the forward-looking statements made in this Transition Report.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Transition Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the "Item 3. Key Information - D. Risk Factors." Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Transition Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Transition Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Transition Report to reflect events or circumstances after the date of this Transition Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our historical consolidated financial statements are prepared in accordance with IFRS and are presented in U.S. dollars. The selected historical consolidated financial information set forth below has been derived from, and is qualified in its entirety by reference to, our historical consolidated financial statements for the periods presented. Historical information as of and for the three months ended June 30, 2019, and for the years ended March 31, 2019, 2018, 2017 and 2016, is derived from, and is qualified in its entirety by reference to, our consolidated financial statements. The financial statements for the three months ended June 30, 2019, and for the years ended March 31, 2019, 2018, and 2017 have been audited by PKF Littlejohn LLP, our independent registered public accounting firm. The financial statements for 2016 were audited by Marcum LLP. You should read the information presented below in conjunction with those audited consolidated financial statements, the notes thereto and the discussion under "Item 5. Operating and Financial Review and Prospects" included elsewhere in this Transition Report.

Consolidated Statement of Comprehensive Income

(US dollars in thousands, except per share amounts)	Three Months Ended June 30		Year Ended March 31			
	2019	2019	2018	2017	2016 <i>(2 months)</i>	
Revenue from contracts with customers	\$ 13,617	\$ 39,036	\$ 33,647	\$ 32,250	\$ -	
Cost of sales	(11,960)	(32,726)	(28,524)	(4,977)	-	
Gross profit	1,657	6,310	5,123	27,273	-	
General and administrative expenses	(1,291)	(7,685)	(12,814)	(9,316)	(279)	
Gain/(loss) on sale of assets	38	(2,615)	1,356	-	-	
Depreciation of property and equipment	(214)	(430)	(420)	(103)	-	
Amortization of intangible assets	(223)	(990)	(840)	(548)	-	
Operating (loss)/profit	(33)	(5,410)	(7,595)	17,306	(279)	
Restructuring costs	(525)	(2,017)	(1,873)	-	-	
Impairment of assets	-	-	(10,191)	-	-	
Impairment of goodwill	-	-	(11,092)	-	-	
Transaction costs	-	-	-	(5,800)	-	
Finance income	-	4	9	13	-	
Finance expense	(796)	(3,243)	(3,395)	(600)	(2)	
(Loss)/profit before income tax	(1,354)	(10,666)	(34,137)	10,919	(281)	
Income tax	(92)	(557)	6,258	(5,338)	-	
(Loss)/profit for the period	(1,446)	(11,223)	(27,879)	5,581	(281)	
Other comprehensive income						
Currency translation differences recognized directly in equity	(102)	(2,998)	222	599	-	
Total comprehensive (loss)/income	\$ (1,548)	\$ (14,221)	\$ (27,657)	\$ 6,180	\$ (281)	
Earnings per share (dollars)						
Basic	\$ (0.11)	\$ (0.83)	\$ (2.06)	\$ 0.73	\$ (0.05)	
Diluted	\$ (0.11)	\$ (0.83)	\$ (2.06)	\$ 0.73	\$ (0.05)	
Weighted average number of shares used in computing (loss)/earnings per share	13,557,356	13,557,356	13,557,356	7,624,423	5,514,375	

Consolidated Statement of Financial Position Data

(US dollars in thousands, except per share amounts)	As at		As at March 31		
	June 30 2019	2019	2018	2017	2016
Cash and cash equivalents	\$ 7,129	\$ 4,522	\$ 1,939	\$ 10,970	\$ 28
Current assets	36,283	29,770	21,278	30,814	28
Current liabilities	(29,133)	(20,807)	(20,610)	(12,197)	(8,187)
Current ratio	1.25	1.43	1.03	2.53	-0.003
Property and equipment, net	2,951	1,205	1,915	2,163	3
Total assets	73,109	65,395	76,312	100,836	7,906
Debt, current and long-term	21,686	19,267	22,340	20,255	8,001
Total shareholders' equity/(deficit)	22,516	23,985	37,003	64,606	(281)

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in our shares involves a high degree of risk and our business faces significant risk and uncertainty. You should carefully consider the following information, together with the other information in this Transition Report and in other documents we file with or furnish to the Securities and Exchange Commission (the "SEC"), before deciding to invest in or maintain an investment in any of our securities. Our business, as well as our financial condition or results of operations could be materially and adversely affected by any of these risks, as well as other risks and uncertainties not currently known to us or not currently considered material. The market price of our shares could decline as a result of any of these risks or uncertainties, and you could lose all or part of your investment.

Risks Related to Our Business and Operations

If we continue to experience losses and we are not able to raise additional financing on sufficiently attractive terms or generate cash through sales of solar projects or other assets, we may not have sufficient liquidity to sustain our operations and to continue as a going concern.

We experienced a loss in the three months ended June 30, 2019 of \$1.4 million, following a loss of \$11.2 million for the year ended March 31, 2019, and a loss of \$27.9 million for the year ended March 31, 2018. If we are unable to generate sufficient revenue from the operation of our businesses, generate sales of solar projects, or if we are unable to reduce our expenses sufficiently, we may continue to experience substantial losses. If losses continue, and we are unable raise additional financing on sufficiently attractive terms or generate cash through sales of solar projects or other material assets or other means, then we may not have sufficient liquidity to sustain our operations and may not be able to continue as a going concern. The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that result from uncertainty about our ability to continue as a going concern.

We expect to require some combination of additional financing and/or sale of assets to execute our strategy to operate and grow our business.

Our business is capital intensive and our initiatives involve substantial and ongoing deployments of capital to capture the growth potential of our critical power services businesses and the development and sale of our solar projects. In addition, we are subject to substantial and ongoing administrative and related expenses required to operate and grow a public company. Together these items impose substantial requirements on our cash flow. As a result, we expect to require some combination of additional financing or sale of assets in order to execute our strategy and meet the operating cash flow requirements necessary to realize the benefits of our joint venture with Innovative Solar Systems, LLC (the "ISS Joint Venture") and to operate and grow our business. We may not be able to obtain the requisite funding in order to execute our strategic development plans or to meet our cash flow needs. Our inability to obtain funding or engage in strategic transactions could have a material adverse effect on our business, our strategic development plan for future growth, our financial condition and our results of operations.

We may not be able to generate sufficient cash flow to service all our indebtedness and our other ongoing liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

As of June 30, 2019, we had an aggregate of \$21.7 million in debt obligations. Our ability to make scheduled payments on or to refinance our debt obligations and to fund our ongoing liquidity needs depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. There can be no assurance that we will maintain a level of cash flow from operating activities or that future borrowings will be available to us in an amount or on terms sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell material assets, or to seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We could also face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations or risk not being able to continue as a going concern.

Despite our current level of indebtedness, we may still be able to incur more debt. This could further exacerbate the risks to our financial condition described above.

We may be able to incur additional indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

If we fail to adequately manage our planned growth, our overall business, financial condition and results of operations could be materially adversely affected.

We have a forward order book of \$45.1 million as at June 30, 2019, for our critical power services businesses, representing 83% of the \$53.9 million annualized revenue from critical power services for the three months ended June 30, 2019. These businesses are expected to continue to grow significantly over the next few years as they continue to capitalize on the market opportunities available in data centers, health care, and solar development, as further described in "Item 4. Information on the Company – B. Business Overview". We expect that this growth in activity will place significant stress on our operations, management, employee base and ability to meet working capital requirements sufficient to support this growth over the next 12 to 36 months. Any failure to address the needs of our growing business successfully could have a negative impact on our business, financial condition or operating results.

We may be unable to obtain favorable financing from our vendors and suppliers, which could have a material adverse effect on our business, financial condition or results of operations.

In addition to obtaining financing from certain financial parties, we have also historically utilized financing from our vendors and suppliers through customary trade payables or account payables. As of June 30, 2019, we had trade payables of \$5.6 million. At times we have increased the number of days' payables outstanding. There can be no assurance that our vendors and suppliers will continue to allow us to maintain existing or planned payables balances, and if we were forced to reduce our payables balances below our planned level, without obtaining alternative financing, our inability to fund our operations would materially adversely affect our business, financial condition and results of operations. We could also face substantial liquidity problems and might be required to dispose of material assets or enter into economically unfavorable financing arrangements to meet creditor demands or risk not being able to continue as a going concern.

A deterioration or other negative change in economic or financial conditions could have a material adverse effect on our business or operating results.

Our business depends on the availability of third-party financing on attractive terms. If a deterioration, volatility or other negative changes occurred in economic or financial conditions, our access to such financing, or the terms on which we are able to access such financing, could be significantly and negatively affected. Financial markets are subject to periods of substantial volatility and such volatility is difficult or impossible to predict in advance. Debt markets may become tighter and providers of financing may require more restrictive terms, higher lending rates, or both, or may elect not to provide financing at all. Increases in volatility, increasing restrictions in credit terms, increases in interest rates, increases in yield expectations for solar projects, or worsening conditions in financial markets generally could delay or prevent the successful expansion of our critical power services business or development of solar projects in our portfolio and thereby have a material adverse effect on our business or operating results.

Our results of operations are subject to significant variability and are inherently unpredictable.

Because we do not know the pace at which our revenue will grow, or if it will grow, and because our expenses may grow, we may not be profitable from period to period. Our revenue and operating results are difficult to predict and may vary significantly from period to period. A key reason for these significant fluctuations in our results of operations is that a substantial portion of our revenue and cash flow is derived from the development and sale of a few relatively large utility-scale solar energy projects. The number and type of these projects may, therefore, cause substantial variations in our operating results since at any given time one or two projects may account for a large portion of our revenue or gains on sale in a given period. If such projects are delayed or become subject to higher than predicted expenses, there may be significant negative impacts on our profitability or other results. Any decrease in revenue from, or increase in our expenses associated with, our utility-scale solar power projects could have a significant negative impact on our business. In addition, demand from prospective offtakers of power from solar power plants may fluctuate based on the perceived cost-effectiveness of the electricity generated by our solar power systems as compared to conventional energy sources, such as natural gas and coal (which fuel sources are subject to significant price fluctuations from time to time), and other non-solar renewable energy sources, such as wind.

If we are unable to enter into new financing agreements when needed, or upon desirable terms, or if any of our current financing partners discontinue or materially change the financing terms, we may be unable to finance our operations and development projects or our borrowing costs could increase, which would have a material adverse effect on our business, financial condition and results of operations.

We may require working capital and credit facilities to fund the growth of our critical power services businesses and the up-front costs associated with the development and sale of solar projects. Without access to sufficient and appropriate financing, or if such financing is not available at desirable rates or on terms we deem appropriate, we would be unable to grow our business. Our ability to obtain financing in the future depends on banks' and other financing sources' continued confidence in our business model and the industries in which we operate as a whole. In addition, wholesale regulatory changes within financial services markets within specific jurisdictions in which we operate can affect the availability of financing available to our businesses resulting from capital availability in the market and appetite of the market for certain industries, risks, or businesses. Changes to our business, the business of our lenders, or the financing market in a region or as a whole, could result in us being unable to obtain new financing or maintain existing credit facilities. Failure to obtain necessary financing to fund our operations would materially adversely affect our business, financial condition and results of operations. To date, we have obtained financing for our business from a limited number of financial parties. If any of these financial parties decided not to continue financing our business or materially change the terms under which they are willing to provide financing, we could be required to identify new financial parties and negotiate new financing documentation. The process of identifying new financing partners and agreeing on all relevant business and legal terms could be lengthy and could require us to reduce the rate of growth of our business until such new financing arrangements were in place. In addition, there can be no assurance that the terms of the financing provided by a new financial party would compare favorably with the terms available from our current financing partners. In any such case, our borrowing costs could increase, which could have a material adverse effect on our business, financial condition and results of operations.

The market value of our investment in solar assets may decrease, which may cause us to take accounting charges or to incur losses if we decide to sell them following a decline in their values.

The fair market value of investments we have made in solar projects and/or portfolios of solar projects may decline. For example, for the year ended March 31, 2018, we recorded an impairment of \$10.2 million with respect to our NC-31 and NC-47 projects in North Carolina. The fair market values of the investments we have made or may make in the future may increase or decrease depending on a number of factors, many of which are beyond our control, including the general economic and market conditions affecting the renewable energy industry, wholesale electricity prices, expectations of future market electricity prices, unforeseen development delays, unfavorable project development costs, prohibitive deposit requirements by power offtakers and utilities for interconnection, and long-term interest rates. Any deterioration in the market values of our investments could cause us to record impairment charges in our financial statements, which could adversely affect our results of operations. If we sell any of our investments when prices for such investments have fallen, the sale may be at less than the investment's carrying value on our financial statements, which could result in a loss.

Sales of our solar projects may be delayed or may not be fully realized, which could have a material adverse effect on our financial position, results of operations or cash flows.

In the U.S., the Company has a portfolio of 35 utility-scale solar projects in 9 different states, representing a total electricity generating capacity of approximately 1.7 GW. In Australia, the Company has a portfolio of 53 operating projects with a generating capacity of approximately 1.4 GW, with two additional projects totaling 20 MW under development. These projects are at varying stages of progress and will take many months or even years to sell, as further discussed in "Item 4. Information on the Company – B. Business Overview." The successful development and sale from these projects is subject to a range of risks and uncertainties, including risks and uncertainties relating to economic and market conditions, political and regulatory conditions, and business and other factors beyond our control. In addition, the attractiveness of these projects to potential purchasers is subject to numerous risks, including: (i) unfavorable changes in forecast construction costs; (ii) engineering or design problems; (iii) problems with obtaining permits, licenses, approvals or property rights necessary or desirable to consummate the project; (iv) interconnection or transmission related issues; (v) environmental issues; (vi) force majeure events; and (vii) access to project financing (including debt, equity or tax credits) on sufficiently attractive terms or at all. Accordingly, the actual amount of proceeds of sale realized and the actual periods during which these proceeds are realized may vary substantially from our plans and projections. Our inability to realize cash from the sale of solar projects could have a material adverse effect on our financial position, results of operations or cash flows and create a risk that we will not be able to continue as a going concern.

Doing business through joint ventures is a key part of our business and any disagreements or discontinuations could disrupt our operations, put assets at risk or affect the continuity of our business.

Joint ventures, and in particular, the ISS Joint Venture in the U.S. and partnership with ITP Renewables in Australia, are a key part of how we do business. While a joint venture partner may provide local knowledge and experience, entering into joint ventures often requires us to surrender a measure of control over the assets and operations devoted to the joint venture, and occasions may arise when we do not agree with the business goals and objectives of our partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of our relationship with the joint venture partner could disrupt our operations, put assets dedicated to the joint venture at risk, or affect the continuity of our business. If we are unable to resolve issues with a joint venture partner, we may decide to terminate the joint venture and either locate a different partner and continue to work in the area or seek opportunities for our assets in another market. The unwinding of an existing joint venture could prove to be difficult or time-consuming, and the loss of revenue related to the termination or unwinding of a joint venture and costs related to the sourcing of a new partner or the mobilization of assets to another market could adversely affect our financial condition, results of operations or cash flows.

Our ability to obtain power purchase agreements ("PPAs") for solar projects on rates and terms which are economic could have a material adverse impact on the value of our solar projects and the level of demand from potential buyers and investors.

The value of solar projects is impacted by being able to successfully obtain a PPA for sufficiently long period of time and power purchase rate and on terms which makes development of the project profitable and provides sufficient visibility and stability of revenue to potential buyers and investors to support the expected value of the project. In most cases, PPA's are obtained through competitive tendering processes and there is therefore no assurance of obtaining an acceptable PPA or any PPA at all. Driven by an increasing supply of solar projects being developed, the market for PPAs is becoming increasingly competitive with a general trend towards shorter terms and lower prices. If a project does not obtain an acceptable PPA, the project may be determined to be uneconomic resulting in a complete loss of the development cost to date. If we are unable to compete successfully with other providers of electricity and enter into competitive PPAs, our cash flow from project sales and results of operations will be negatively affected.

Cost increases, delays and other constraints to the availability of sufficient electric transmission capacity could have a significant and negative effect on our ability to develop, acquire and/or sell solar energy projects and therefore a significant and negative effect on our results of operations.

Utility-scale solar energy development depends on the availability of sufficient electricity transmission infrastructure for the delivery of electricity from the solar plant to customers. If transmission infrastructure is inadequate, or if upgrades or other changes are needed to the infrastructure for our power plants to be constructed, interconnected or made operational, or if there are delays in or unforeseen costs associated with such changes, then our solar energy projects, such as those in our ISS Joint Venture portfolio, could be delayed, subjected to increased costs or canceled, which could have a substantial and negative effect on our revenues and therefore on our results of operations.

Changes in current and forecasted electricity price expectations can have a material adverse impact on the value of our solar projects and the level of demand from potential investors and financiers.

While we primarily target solar projects that are backed by fixed price power purchase agreements, we may acquire projects that sell electricity at wholesale market rates from commencement or that have power purchase agreements ("PPAs") that expire before the end of a project's useful life. In these circumstances, our business is exposed to current wholesale electricity prices and expectations of future market electricity prices. In the event that these prices decline, or there is a decrease in market consensus forecasts, the demand for our solar projects and the profitability that they could generate may also decline commensurately, impacting our cash flow and earnings. Fossil fuel sources of electricity, such as natural gas-fired power plants, have traditionally been cheaper than solar power. If we are unable to compete successfully with other providers of electricity, or to enter into competitive PPAs, our cash flow from project sales and results of operations will be negatively affected. Furthermore, demand for PPAs from customers is subject to procurement practices that may change, and which could negatively affect the number or terms of the PPAs that our customers elect to enter into with us.

Certain PPAs that we enter into with government regulated counterparties may be subject to regulatory approval, and such approval may not be obtained or may be delayed, which could result in a detrimental impact on our business.

As a solar energy provider, the PPAs executed by us and/or our subsidiaries, particularly with government regulated counterparties, in connection with the development of certain projects are generally subject to approval by the relevant regulatory authority in the local market. There can be no assurance that any such approval will be obtained, and in certain markets, the regulatory bodies have recently demonstrated a heightened level of scrutiny on solar PPAs that have been brought for approval. If the required approval is not obtained for any particular solar PPA, the PPA counterparty may exercise its right to terminate such agreement, and we may lose invested development capital.

General economic conditions including market interest rate levels could negatively impact project investor demand for our solar projects and our ability to sell them profitably.

Our ability to generate cash flows and earnings relies on project investor demand for our solar projects. An increase in market interest rates in the countries in which we operate is likely to result in our project investors requiring higher rates of return on solar projects that they acquire from us. In recent years, interest rates have been increasing in certain important countries in which we operate, such as the United States. This has the potential to negatively impact our ability to achieve our earnings or cash flow targets.

Technical, regulatory, and economic barriers to the purchase and use of solar power products may arise that significantly reduce demand for or financial viability of solar power projects, which could have a material adverse effect on our revenues.

Energy and electricity markets are influenced by foreign, federal, state and local laws, rules and regulations. These laws, rules and regulations may affect electricity pricing and electricity generation and could have a substantial impact on the relative cost and attractiveness of solar power compared to other forms of energy generation. In addition, the financial viability and attractiveness of solar power projects heavily depends on equipment prices and laws, rules and regulations that affect solar equipment. For example, trade and local content laws, rules and regulations, such as tariffs on solar panels, can increase the pricing of solar equipment, thereby raising the cost of developing solar projects and reducing the savings and returns achievable by offtakers and investors, and also potentially reducing our margins on our projects. In 2018, for example, new tariffs were imposed in the United States on a range of solar cells and modules manufactured abroad, and we expect that solar power equipment and its installation will continue to be subject to a broad range of federal, state, local and foreign regulations relating to trade, construction, safety, environmental protection, utility interconnection and metering, and related matters. Moreover, the European Union and Chinese governments, among others, have in the past imposed tariffs on solar power equipment, or are in the process of evaluating the imposition of tariffs on solar power equipment. These and any other tariffs or similar taxes or duties may increase the cost of our solar power projects, thereby reducing their attractiveness to investors and customers and worsening our results of operations. Any new regulations or policies pertaining to our solar power projects may result in significant additional expenses to us, which could cause a significant reduction in demand for our solar power projects.

The low commodity price environment, particularly for natural gas and coal, could impact both the size of our project pipeline and our ability to sell solar projects to our investors profitably.

Traditional forms of electricity generation using commodities such as natural gas and coal provide a source of competition for solar electricity. In the current low commodity price environment, these traditional forms of generation are cheaper and more competitive than our solar projects. Our ability to generate cash flows and earnings relies on our success in sourcing potential solar projects from our project pipeline and selling them profitably to our investors. Increased competition from a prolonged low commodity price environment could impact the number of viable solar projects that we are able to purchase, resulting in a smaller project pipeline. In addition, such an environment could impact the competitiveness of our solar projects and the price at which we can sell them to our investors. This has the potential to negatively impact our ability to achieve our earnings or cash flow targets.

There are a limited number of purchasers of power from utility-scale projects, which exposes us to concentration risk.

A key element of our business is financing the development of utility-scale solar projects. Utility-scale solar projects are large solar energy projects that deliver electricity to utility purchasers, and generally range in size from as small as five megawatts to larger than eighty megawatts in nameplate capacity. In part because of the size of utility-scale solar projects, there are a limited number of possible purchasers for electricity from utility-scale solar projects in a given region. As a result, we may not be able to negotiate favorable terms under new PPAs or find new customers for the electricity generated by our power plants should this become necessary.

Our business depends on the demand for solar energy, which is still driven largely by the availability and size of government and economic incentives that may ultimately be reduced or eliminated.

Solar energy demand continues to be driven mainly by the availability and size of government and economic incentives related to the use of solar power because, currently, the cost of solar power exceeds the cost of power furnished by the electric utility grid in most locations. As a result, government bodies in many countries have historically provided incentives in the form of feed-in-tariffs to solar project developers or customers to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. Most countries, including the U.S., however, have continued to regularly reduce the rates paid to solar power system owners for generating electricity under their respective feed-in-tariff programs, and these scheduled reductions in feed-in tariff rates are expected to continue. Moreover, the value and pricing of Performance Based Incentives ("PBIs") and Renewable Energy Certificates ("RECs"), as well as the state Public Utilities Commissions ("PUC") approved PPA rates for utilities (which are frequently higher than electricity rates for electricity generated from other energy sources), are likely to continue to decrease, further reducing the U.S. revenue stream from solar projects. In addition, in the U.S. we rely upon income tax credits and other state incentives for solar energy systems. These government economic incentives could be further reduced or eliminated altogether. In addition, some of these solar program incentives expire, decline over time, are limited in total funding or require renewal of authority. Moreover, certain policy changes that have been announced or suggested by the U.S. government, including the announcement of departure from the Paris Accord for greenhouse gas reduction and the elimination of the U.S. government's Clean Power Plan, could also have a negative effect on demand for solar energy and other renewable energy technologies. Finally, certain countries have altered, and others may alter, their programs retroactively which would impact our current solar systems. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased viability of our projects and pipeline, which could have a material adverse effect on our business, financial condition or results of operations.

Our business in the United States relies on the federal investment tax credit under Section 48 of the Internal Revenue Code (the "Code"). Tax reform recently carried out in the United States has significantly reduced tax rates for corporations, which may have a negative effect on the appetite of investors for project investments that are eligible for the federal investment tax credit, and which therefore could have a negative impact on our ability to secure capital at an attractive cost for our United States projects.

The U.S. federal government recently enacted a set of broad reforms of tax rates and policies that include a large reduction in corporate tax rates. Such a reduction may diminish the appetite that investors have for utilizing the federal investment tax credit under Section 48 of the Code (the "ITC"). Because investors utilizing the ITC have been an important source of capital for solar energy projects in the US, including our projects, a decrease in investor appetite for utilizing the ITC in solar projects could have a substantial and negative effect on our ability to secure capital at an attractive cost for our United States solar projects.

Existing regulations and policies governing the electric utility industry, as well as changes to these regulations and policies, may adversely affect demand for our projects and services and materially adversely affect our business, financial condition or results of operations.

The market for electricity generation is heavily influenced by local country factors including federal, state and local government regulations and policies concerning the electric utility industry, as well as policies promulgated by public utility commissions and electric utilities. These regulations and policies govern, among other matters, electricity pricing and the technical interconnection of distributed electricity generation to the grid. The regulations and policies also regulate net metering in the U.S., which relates to the ability to offset utility-generated electricity consumption by feeding electricity produced by onsite renewable energy sources, such as solar energy, back into the grid. Purchases of alternative energy, including solar energy, by utility customers could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for our solar energy systems. Changes in consumer electricity tariffs or peak hour pricing policies of utilities, including the introduction of fixed price policies, could also reduce or eliminate the cost savings derived from solar energy systems and, as a result, reduce customer demand for our systems. Any such decrease in customer demand could have a material adverse effect on our business, financial condition or results of operations.

If solar and related technologies are not suitable for widespread deployment with attractive returns, our results of operations will be negatively affected.

The solar energy business is still at an early stage of development. If PV technology proves unsuitable for widespread adoption, we may be unable to generate sufficient revenue to grow our business profitably. The attractiveness of PV technology is dependent on numerous factors, including: (i) the cost-efficiency and performance of solar-generated electricity compared to other energy sources, such as natural gas, wind, hydroelectric, geothermal and coal; (ii) the regulatory, legal and tax landscape for energy generation, distribution and consumption, which substantially affects the costs and returns associated with use of different energy sources; (iii) the availability or absence of environmental and energy incentives, credits, standards and attributes that seek to promote use of renewable energy technologies; and, (iv) the level of competitiveness in the renewable energy industry generally.

Our operations span multiple markets and jurisdictions, exposing us to numerous legal, political, operational and other risks that could negatively affect our operations and profitability.

We continue to explore expansion of our international operations in certain markets where we currently operate and in selected new or developing markets. New markets and developing markets can present many risks including the actions and decisions of foreign authorities and regulators, the imposition of limits on foreign ownership of local companies, changes in laws (including tax laws and regulations) as well as their application or interpretation, civil disturbances and political instability, difficulties in protecting intellectual property, fluctuations in the value of the local currency, restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold into U.S. dollars, British Pounds or other currencies, as well as other adverse actions by foreign governmental authorities and regulators, such as the retroactive application of new requirements on our current and prior activities or operations. Additionally, evaluating or entering into a developing market may require considerable time from management, as well as start-up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local political, economic and market conditions. As we continue to operate our business internationally, our success will depend, in part, on our ability to anticipate and effectively manage these and other related risks. The impact of any one or more of these or other factors could adversely affect our business, financial condition or operating results.

If we fail to meet changing customer demands, we may lose customers and our sales could suffer.

The industry in which we operate changes rapidly. Changes in our customers' requirements result in new and more demanding technologies, product specifications and sizes, and manufacturing processes. Our ability to remain competitive will depend upon our ability to develop technologically advanced products and processes. We must continue to meet the increasingly sophisticated requirements of our customers on a cost-effective basis. We cannot be certain that we will be able to successfully introduce, market and cost-effectively source any new products, or that we will be able to develop new or enhanced products and processes that satisfy customer needs or achieve market acceptance. Any resulting loss of customers could have a material adverse effect on our business, financial condition or results of operations.

We may incur unexpected warranty and performance guarantee claims that could materially and adversely affect our financial condition or results of operations.

In connection with our products and services, we may provide various system warranties and/or performance guarantees. While we generally are able to pass through manufacturer warranties we receive from our suppliers to our customers, in some circumstances, our warranty period may exceed the manufacturer's warranty period or the manufacturer warranties may not otherwise fully compensate for losses associated with customer claims pursuant to the warranty or performance guarantee we provided. For example, most manufacturer warranties exclude many losses that may result from a system component's failure or defect, such as the cost of de-installation, re-installation, shipping, lost electricity, lost renewable energy credits or other solar incentives, personal injury, property damage, and other losses. In addition, in the event we seek recourse through manufacturer warranties, we will also be dependent on the creditworthiness and continued existence of these suppliers. As a result, warranty or other performance guarantee claims against us could cause us to incur substantial expense to repair or replace defective products in our solar energy systems. Significant repair and replacement costs could materially and negatively impact our financial condition or results of operations, as well divert employee time to remedying such issues. In addition, quality issues can have various other ramifications, including delays in the recognition of revenue, loss of revenue, loss of future sales opportunities, increased costs associated with repairing or replacing products, and a negative impact on our reputation, any of which could also adversely affect our business or operating results.

We face competition in the markets and industry segments in which we operate, which could force us to reduce our prices to retain market share or face losing market share and revenues.

We face competition in the growing renewable energy services market internationally as well as in the critical power services market in Australia. Some of our competitors: (i) have substantially more financial, technical, engineering and manufacturing resources than we do to develop products that currently and may compete favorably against our products; (ii) have substantial government-backed financial resources or parent companies with substantially greater depth of resources than available to us; (iii) may have longer and more established operating records than we do; or (iv) may have greater brand recognition, access to customers or financing partners, or economies of scale than we do. We expect that our competitors will continue to improve their ability to develop, invest in, and sell solar energy projects, and our failure to compete effectively could have a material adverse effect on our business, financial condition or results of operations. We may need to reduce our prices to respond to aggressive pricing by our competitors in order to retain or gain market share or undertake other measure to increase the competitiveness of our products or services, which could have a material adverse effect on our business, financial condition or results of operations.

Our solar projects may underperform expected levels due to a variety of factors including sunlight and other weather conditions, which could materially and adversely affect our results of operations.

The productivity, and therefore the results, of our operating solar projects may be lower than expected due to fewer than expected sunlight hours, power conversion, or adverse weather events, among other factors. This underperformance could adversely affect the attractiveness of our projects to potential buyers and may result in our business not achieving expected financial returns on investment.

We may have liabilities and obligations under management services agreements that we enter into with our customers, which could have a detrimental financial impact on us if enforced.

We provide ongoing solar system and project management services for our customers and co-investors under management services agreements. Under the terms of these agreements, many of which are long-term, we have certain liabilities and obligations which could be enforced in the event of a breach of our responsibilities. If called, some of these obligations and liabilities could be material and negatively affect our results of operations or financial position.

A failure to obtain change of control consents from counterparties when selling projects to investors could materially impact the results of our operations.

Our profitability relies in part on our ability to continue to transfer projects to other investors. Certain project agreements and non-recourse project financing documents require counterparty consent to a change of project or solar system ownership. If such consents cannot be obtained on reasonable terms, or at all, our ability to invest capital and generate earnings and cash flows will be materially diminished, adversely impacting the results of our operations and future growth prospects.

We have a limited history in the development and sale of solar projects and, as a result, we may not be successful developing projects profitability resulting in losses on investment in whole or in part.

We have limited experience in the development and sale of solar assets. The Company has only successfully developed and sold two solar projects to date, each of which commenced operation in 2017. Our prospects of successfully completing the projects currently under development within the ISS Joint Venture and in Australia must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of operation, particularly in a rapidly evolving industry such as ours. We cannot assure you that we will be successful in addressing the risks we may encounter and our failure to do so could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our Australian critical power services workforce may become unionized resulting in higher cost of operation and reduced labor efficiency.

None of our workforce is currently unionized. The critical power services business in Australia represents the largest proportion of our workforce, which includes 139 operational personnel, or 76% of our total workforce as of June 30, 2019. This part of our business operates in the Hunter Valley region of Australia whose economy is predominately driven by the mining industry and many businesses in the area are unionized. In periods of strong growth and activity in the mining sector, such as has been experienced over the past 24 months, the labor market usually becomes extremely competitive, which may entice our workforce to seek collective bargaining through union representation. Unionization of our critical power services workforce could result in additional costs for industrial relations, legal and consulting services, higher labor rates, new requirements for additional employment benefits, more restrictive overtime rules, and less flexible work scheduling, all of which could result in a significant increase in the cost of labor and the requirement for additional labor to maintain existing productivity. Should this occur, it could have a material adverse effect on our business, financial condition or results of operation.

Our business may be harmed if we fail to properly protect our intellectual property.

We believe that the success of our business depends in part on our proprietary technology, information, processes and know how. We try to protect our intellectual property rights. We cannot be certain, however, that we have adequately protected or will be able to adequately protect these rights. Conversely, third parties might assert that our intellectual property infringes on their proprietary rights. In either case, litigation may result, which could result in substantial costs and diversion of our management team's efforts. Regardless of whether we are ultimately successful in any litigation, such litigation could adversely affect our business, results of operations or financial condition.

Our brand and reputation are key assets of our business, and if our brand or reputation is damaged, our business and results of operations could be materially adversely affected.

If we fail to deliver our solar products or power service within the planned timelines and contracted obligations, or our products and services do not perform as anticipated, or if we materially damage any of our clients' properties, or cancel projects, our brand name and reputation could be significantly impaired, which could materially adversely affect our business and results of operations.

We are exposed to foreign currency exchange risks because certain of our operations are located in foreign countries.

We generate revenues and incur costs in a number of currencies. Changes in economic or political conditions in any of the countries in which we operate could result in exchange rate movement, new currency or exchange controls or other restrictions being imposed on our operations or expropriation. Because our financial results are reported in U.S. dollars, if we generate revenue or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those revenues or earnings.

From time to time, we may become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management.

In addition to potential litigation related to defending our intellectual property rights, we may be named as a defendant from time to time in other lawsuits and regulatory actions relating to our business, some of which may claim significant damages. For example, as discussed further in "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*," on February 26, 2018, Philip Comberg, our former Chief Executive Officer and director, filed a claim in the High Court of Justice Queen's Bench Division in the United Kingdom against us and our subsidiary, VivoPower International Services Limited ("VISL"). Subsequently filed claim particulars stated that the claim is for declarations in respect of payments alleged to be due to Mr. Comberg, damages, restitution in relation to services allegedly rendered by Comberg, interest and costs. On April 9, 2018, we and VISL filed a defense and counterclaims against Mr. Comberg. In the defense, we and VISL denied the claims made by Mr. Comberg and asserted that Mr. Comberg was terminated for cause and/or by the acceptance on the part of VISL of Mr. Comberg's own repudiatory breach of Mr. Comberg's service agreement. We and VISL also filed counterclaims against Mr. Comberg alleging that Mr. Comberg had mismanaged the Company, misrepresented information to the VivoPower Board, and failed to report his own wrongdoing in breach of his services agreement and fiduciary duties to VivoPower and VISL. On November 26, 2018, we and VISL agreed to a settlement of the counterclaims for an undisclosed amount, but no settlement has been reached with respect to Mr. Comberg's claim. In addition to the foregoing litigation, we may be subject in the future to, or may file ourselves, claims, lawsuits or arbitration proceedings related to matters in tort or under contracts, employment matters, securities class action lawsuits, whistleblower matters, tax authority examinations or other lawsuits, regulatory actions or government inquiries and investigations. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business and financial position, results of operations or cash flows or limit our ability to engage in certain of our business activities. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are often expensive, lengthy, disruptive to normal business operations and require significant attention from our management.

We operate in a number of different countries and could be adversely affected by any violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act 2010 ("U.K. Bribery Act"), and other anti-bribery laws, rules and regulations.

The FCPA generally prohibits companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. We are also subject to other anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities. Some (e.g., the FCPA and the U.K. Bribery Act) extend their application to activities outside of their country of origin. The U.K. Bribery Act also includes a corporate offence of failure to prevent a bribe being paid to obtain or retain business advantage, which can make a commercial organization criminally liable for bribes paid by any persons associated with it, without fault on the part of the organization. Although we have implemented policies and procedures designed to promote and enable compliance with these anti-bribery laws, our employees, agents, partners and contractors may take actions in violation of such policies and procedures and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us and such persons to criminal and/or civil penalties or other sanctions, which could have a material adverse effect on our reputation and results of operations.

If we are unable to maintain effective internal controls over financial reporting or effective disclosure controls and procedures, or if material weaknesses in our internal controls over financial reporting or in our disclosure controls and procedures develop, it could negatively affect the reliability or timeliness of our financial reporting and result in a reduction of the price of our ordinary shares or have other adverse consequences.

There can be no assurance that our internal controls or our disclosure controls and procedures will provide adequate control over our financial reporting and disclosures and enable us to comply with the requirements of the Sarbanes-Oxley Act. In addition, carrying out our growth plan may require our controls and procedures to become more complex and may exert additional resource requirements in order for such controls and procedures to be effective. Any material weaknesses in our internal controls over financial reporting, or in our disclosure controls and procedures, may negatively affect the reliability or timeliness of our financial reporting and could result in a decrease in the price of our ordinary shares, limit our access to capital markets, harm our liquidity or have other adverse consequences.

The success of our company is heavily dependent on the continuing services of key personnel and retention of additional personnel.

Our industry is characterized by intense competition for personnel. The success of our company is highly dependent on the contributions of executives and other key personnel, and if we were to lose the contributions of any such personnel, it could have a negative impact on our business and results of operations. Moreover, our growth plan will require us to hire additional personnel in the future. If we are not able to attract and retain such personnel, our ability to realize our growth objectives will be compromised. In addition, talented employees may choose to leave the company because of our cost reduction initiatives. When talented employees leave, we may have difficulty replacing them and our business may suffer. While we strive to maintain our competitiveness in the marketplace, there can be no assurance that we will be able to successfully retain and attract the employees that we need to achieve our business objectives.

We are subject to a substantial range of requirements as a public company, which impose significant demands on the time and resources of our company and executive personnel.

As a public company listed on The Nasdaq Stock Market ("Nasdaq"), we are subject to a wide range of legal and regulatory requirements, including the Securities Act Exchange of 1934, as amended, and the rules and regulations thereunder, as well as the requirements of Nasdaq, in addition to other applicable securities laws. Maintaining compliance with these requirements is expensive and time-consuming, has imposed substantial and ongoing costs on our business and can divert the attention and time of our executive personnel from our operating activities, which could have negative impacts on our business and results of operations. In addition, director and officer liability insurance for public companies is expensive and in the future, we may be required to accept reduced coverage or incur significantly higher costs to maintain similar coverage, which could make it more difficult for us to attract and retain qualified directors or executive personnel.

Risks Related to Ownership of Our Ordinary Shares

We cannot assure you that our ordinary shares will always trade in an active and liquid public market. In addition, at times trading in our ordinary shares on Nasdaq has been highly volatile with significant fluctuations in price and trading volume, and such volatility and fluctuations may continue to occur in the future. Low liquidity, high volatility, declines in our stock price or a potential delisting of our ordinary shares may have a negative effect on our ability to raise capital on attractive terms or at all and may cause a material adverse effect on our operations.

The market price of our ordinary shares may be influenced by many factors, many of which are beyond our control, including those described above in "Risks Related to our Business and Operations." As a result of these and other factors, investors in our ordinary shares may not be able to resell their shares at or above the price they paid for such shares or at all. The market price of our ordinary shares has frequently been highly volatile and has fluctuated in a wide range. The liquidity of our ordinary shares as reflected in daily trading volume on Nasdaq has usually been low. As of August 16, 2019, the trading price of our ordinary shares on Nasdaq was \$1.38 per share. At certain points in the past year, the trading price of our ordinary shares on Nasdaq has fallen below \$1.00 per share. If the trading price of our ordinary shares was to fall below \$1.00 for a sustained period, we may not be able to meet Nasdaq's continued listing standards in the future. Low liquidity, high volatility, declines in our stock price or potential delisting of our ordinary shares may have a material adverse effect on our ability to raise capital on attractive terms or at all and a material adverse effect on our operations.

The accounting treatment for many aspects of our business is complex and any changes to the accounting interpretations or accounting rules governing our business could have a material adverse effect on our reported results of operations and financial results.

The accounting treatment for many aspects of our business is complex, and our future results could be adversely affected by changes in the accounting treatment applicable to our business. In particular, any changes to the accounting rules regarding the following matters may require us to change the manner in which we operate and finance our business:

- revenue recognition and related timing;
- intercompany contracts;
- operation and maintenance contracts;
- joint venture accounting, including the consolidation of joint venture entities and the inclusion or exclusion of their assets and liabilities on our balance sheet;
- long-term vendor agreements; and,
- foreign holding company tax treatment.

We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could have a material adverse effect on our reported results of operations.

In connection with the preparation of our consolidated financial statements included in "Item 17. Financial Statements", we use certain estimates and assumptions, which are more fully described in Notes 2 and 3 of the financial statements filed as part of this Transition Report, starting on page F-1. The estimates and assumptions we use in the preparation of our consolidated financial statements affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our financial statement presentation, financial condition, results of operations and cash flows, any of which could cause our share price to decline.

Future sales of our ordinary shares may depress our share price.

Future sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the price of our ordinary shares and could impair our ability to raise capital through the sale of additional shares.

The market price of our shares may be significantly, and negatively, affected by factors that are not in our control.

The market price of our shares may vary significantly and may be significantly, and negatively, affected by factors that we do not control. Some of these factors include: variance and volatility in global markets for equity and other assets; changes in legal, regulatory or tax-related requirements of governmental authorities, stock exchanges, or other regulatory or quasi-regulatory bodies; the performance of our competitors; and, the general availability and terms of corporate and project financing.

Our largest shareholder has substantial influence over us and its interests may conflict with or differ from interests of other shareholders.

Our largest shareholder (collectively with its affiliates and subsidiaries, the "Significant Shareholder") owned approximately 60.3% of our outstanding ordinary shares at June 30, 2019. Accordingly, the Significant Shareholder exerts substantial influence over the election of our directors, the approval of significant corporate transactions such as mergers, tender offers, and the sale of all or substantially all of our assets, the adoption of equity compensation plans, and all other matters requiring shareholder approval. The interests of the Significant Shareholder could conflict with or differ from interests of other shareholders. For example, the concentration of ownership held by the Significant Shareholder could delay, defer, or prevent a change of control of the Company or impede a merger, takeover, or other business combination, which other shareholders may view favorably.

We are a holding company whose material assets consist of our holdings in our subsidiaries, upon whom we are dependent for distributions.

We are a holding company whose material assets consists of our holdings in our subsidiaries. We do not have independent sources of revenue generation. Although we intend to cause our subsidiaries to make distributions to us in an amount necessary to cover our obligations, expenses, taxes and any dividends we may declare, if one or more of our operating subsidiaries became restricted from making distributions under the provisions of any debt or other agreements or applicable laws to which it is subject, or is otherwise unable to make such distributions, it could have a material adverse effect on our financial condition and liquidity.

Changes to our tax liabilities or changes to tax requirements in the jurisdictions in which we operate could significantly, and negatively, affect our profitability.

We are subject to income taxes and potential tax examinations in various jurisdictions, and taxing authorities may disagree with our interpretations of U.S. and foreign tax laws and may assess additional taxes. The taxes ultimately paid upon resolution of such examinations could be materially different from the amounts previously included in our income tax provision, which could have a material impact on our profitability and cash flow. Moreover, changes to our operating structure, losses of tax holidays, changes in the mix of earnings in countries with tax holidays or differing statutory tax rates, changes in tax laws, and the discovery of new information in the course of our tax return preparation process could each have a negative impact on our tax burden and therefore our financial condition. Changes in tax laws or regulations may also increase tax uncertainty and adversely affect our results of operations.

Cyber-attacks or other breaches of our information systems, or those of third parties with which we do business, could have a significant and negative impact on our operating results and business.

Our business and the operations of third parties with whom we do business, utilize computer systems, hardware, software, and networks that could be compromised by a breach or cyber-attack. There is no assurance that any measures we take to minimize the likelihood or impact of cyber-attacks will be adequate in the future. If these measures are not adequate, valuable data may be lost or compromised, our operations may be disrupted, and our reputation and our business may be significantly and negatively affected. In addition, such an incident may subject us to substantial expense, cost or liability associated with litigation, regulatory action or operational problems, which could have a major impact on our profitability and other operating results.

Changes in, or any failure to comply with, privacy laws, regulations, and standards may adversely affect our business.

The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Governmental bodies around the world have adopted, and may in the future adopt, laws and regulations affecting data privacy. Industry organizations also regularly adopt and advocate for new standards in this area. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that apply to us. Any changes in such laws, regulations or standards may result in increased costs to our operations, and any failure by us to comply with such laws, regulations and standards may have a significant and negative impact on our business or reputation.

As a foreign private issuer under the rules and regulations of the SEC, we are exempt from a number of rules under the U.S. securities laws that apply to U.S.-based issuers and are permitted to file less information with the SEC than such companies.

We are a "foreign private issuer" under the rules and regulations of the SEC. As a result, we are not subject to all of the disclosure requirements applicable to U.S.-based issuers. For example, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), that impose disclosure and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to securities registered under the Exchange Act. In addition, we are not required to file periodic reports and consolidated financial statements with the SEC as frequently or as promptly as U.S.-based public companies. As a result, there may be less publicly available information concerning our company than there is for U.S.-based public companies. Furthermore, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules.

U.S. holders of our shares could be subject to material adverse tax consequences if we are considered a "passive foreign investment company" for U.S. federal income tax purposes.

We do not believe that we are a passive foreign investment company, and we do not expect to become a passive foreign investment company. However, our status in any taxable year will depend on our assets, income and activities in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a passive foreign investment company for the current taxable year or any future taxable years. If we were a passive foreign investment company for any taxable year while a taxable U.S. holder held our shares, such U.S. holder would generally be taxed at ordinary income rates on any sale of our shares and on any dividends treated as "excess distributions". An interest charge also generally would apply based on any taxation deferred during such U.S. holder's holding period in the shares. See "Item 10.E. Taxation - Certain Material U.S. Federal Income Tax Considerations."

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As a foreign private issuer, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. In the future, we would lose our foreign private issuer status if we failed to meet the requirements set forth in Rule 405 of the Securities Act of 1933, as amended (the "Securities Act"). If we were to lose our status as a foreign private issuer, we would become subject to the regulatory and compliance costs associated with being a U.S. domestic issuer under U.S. securities laws, rules and regulations and stock exchange requirements, which costs may be significantly greater than costs we incur as a foreign private issuer. We would be required under current SEC rules to prepare our consolidated financial statements in accordance with U.S. GAAP and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers; these requirements would be additional to, and not in place of, those under U.K. law to prepare consolidated financial statements under IFRS and comply with applicable U.K. corporate governance laws. If we do not qualify as a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. Such conversion and modifications will involve additional costs, both one-off in nature on conversion and ongoing costs to meet reporting in both U.S. GAAP and IFRS, which would reduce our operating profit. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers. Therefore, the additional costs that we would incur if we lost our foreign private issuer status could have a significant and negative impact on our financial condition, operating results or cash flows.

U.S. investors may have difficulty enforcing civil liabilities against our Company, our directors or members of senior management and the experts named in this Transition Report.

Most of our directors and the experts named in this Transition Report are non-residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. There may be doubt as to whether the courts of England and Wales would accept jurisdiction over and enforce certain civil liabilities under U.S. securities laws in original actions or enforce judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere are likely to be unenforceable in England and Wales (an award for monetary damages under the U.S. securities laws may be considered punitive if it does not seek to compensate the claimant for loss or damage suffered and appears to be intended to punish the defendant). The enforceability of any judgment in England and Wales will depend on a number of criteria, including public policy, as well as the laws and treaties in effect at the time. The United States and the United Kingdom do not currently have any treaties providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters.

As an "emerging growth company" under the Jump Start Our Business Startups Act of 2012 (the "JOBS Act"), we are permitted to rely on exemptions from certain disclosure requirements, which could make our ordinary shares less attractive to investors.

We qualify as an "emerging growth company" as defined in the JOBS Act. For as long as we are deemed an emerging growth company, we may be exempt from certain reporting and other regulatory requirements that are applicable to other U.S. public companies. Subject to certain conditions set forth in the JOBS Act, if we choose to rely on such exemptions, we may not be required to, among other things: (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act; (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (the "PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis); or (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of our chief executive officer's compensation to median employee compensation. We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act or such earlier time that we cease to be an emerging growth company. We cannot predict if investors will view our ordinary shares as less attractive because we may rely on these exemptions. If some investors find our ordinary shares to be less attractive, there may be a less active trading market for our ordinary shares, which could materially and adversely affect the price and the liquidity of our ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

VivoPower International PLC was incorporated on February 1, 2016 under the laws of England and Wales, with company number 09978410, as a public company limited by shares. At the time, it had subsidiaries in the United Kingdom ("U.K.") and the United States of America ("U.S.") and was, itself, a wholly-owned subsidiary of Arowana International Limited ("AWN"), an Australian public company traded on the Australian Securities Exchange under the symbol "AWN".

VivoPower is an international solar and critical power services business, providing critical energy infrastructure generation and distribution solutions to a diverse range of commercial and industrial customers throughout Australia, including the development, construction, and sale of photovoltaic ("PV") solar projects. In addition, the Company continues to focus on the monetization of its portfolio of U.S. solar projects, with a view to using the proceeds to execute a strategic redeployment.

On August 11, 2016, VivoPower entered into a Contribution Agreement with Arowana Inc., a Cayman Islands exempted company ("ARWA"), and AWN (as amended, the "Contribution Agreement").

On December 28, 2016, we completed the transactions contemplated by the Contribution Agreement (the "Business Combination"), pursuant to which ARWA contributed cash to the Company in exchange for newly issued ordinary shares which shares were then distributed by ARWA to ARWA's shareholders and warrant holders. Upon the closing of the Business Combination, we became a public company whose shares are listed on The Nasdaq Capital Market under the symbol "VVPR".

Contemporaneously with the Business Combination, the Company completed the acquisitions of VivoPower Pty Limited ("VivoPower Australia") and Aevitas O Holdings Pty Ltd., the parent of Aevitas Group Limited ("Aevitas"), for a total cash consideration of \$10.1 million. We acquired VivoPower Australia for aggregate consideration of \$23.1 million, consisting of \$0.6 million of cash and the remainder in shares of VivoPower International PLC. Aevitas was acquired for a cash consideration of \$9.5 million.

VivoPower Australia was established on August 8, 2014 as a proprietary limited company in Australia. The primary business activity of VivoPower Australia is to invest in the origination, development, construction, financing, operation and optimization of solar electricity generation and storage facilities in Australia. Its initial majority shareholder was Hadouken Pty Limited (an entity associated with VivoPower Australia management), with AWN subsequently acquiring an initial interest in VivoPower Australia on or around August 29, 2014 through its shareholding in the Arowana Australasian Special Situations Fund 1. Other shareholders included Aevitas, VivoPower Australia management as well as Arowana Energy Holdings Pty Ltd, a wholly-owned subsidiary of AWN. Following the Business Combination, 80.1% of VivoPower Australia's ordinary shares are held by VivoPower International Services Ltd and 19.9% are held by Aevitas.

Aevitas O Holdings Pty Ltd was established on June 1, 2016 and is an Australian proprietary limited company. It held options to acquire 99.9% of the shares in Aevitas, an Australian unlisted public company established on February 28, 2013. The primary business activity of Aevitas is to provide power generation and distribution solutions to over 700 active customers in Australia, including the design, supply, installation and maintenance of power and control systems, with an increasing focus on data centers, solar project engineering, procurement, and construction.

VivoPower has 27 subsidiary and associated entities, including VivoPower Australia and Aevitas. See "Item 4.C. Organizational Structure" for a list of each entity and its jurisdiction of incorporation.

Corporate and Other Information

Our registered office is located at Unit 3.02, 411-413 Oxford Street, London W1C 2PE, United Kingdom. Our telephone number is +44-751-360-5012.

B. Business Overview

VivoPower is an international solar and critical power services company that focuses on small and medium scale solar development, engineering, procurement and construction ("EPC") and selected solar asset ownership and maintenance. Headquartered in London, VivoPower has operations in the United States, Australia and the United Kingdom.

Management analyzes our business in three reportable segments: Critical Power Services, Solar Development, and Corporate Office. Critical Power Services is represented by J.A. Martin Electrical Pty Limited ("J.A. Martin") and Kenshaw Electrical Pty Limited ("Kenshaw") operating in Australia with a focus on the design, supply, installation and maintenance of power and control systems, including for solar farms. Solar Development is the development and sale of commercial and utility scale PV solar power projects in the U.S. and Australia. Corporate Office is the Company's corporate functions, including costs to maintain the Nasdaq public company listing, comply with applicable SEC reporting requirements, and related investor relations and is located in the United Kingdom. See Note 4.2 to our consolidated financial statements included herein for a breakdown of our financial results by reportable segment.

Critical Power Services

VivoPower, through its wholly-owned Australian subsidiaries, J.A. Martin and Kenshaw, provide critical energy infrastructure generation and distribution solutions including the design, supply, installation and maintenance of power and control systems to a customer base in excess of 750 active commercial and industrial customers and is considered a trusted power adviser. J.A. Martin and Kenshaw are headquartered in the Hunter Valley and Newcastle region, which is the most densely populated industrial belt in Australia. Structural and cyclical factors have created a strong operating environment for our Critical Power Services businesses, particularly the strong growth in infrastructure investment, recovery in the mining sector, and increasing demand for data centers and solar farms.

J.A. Martin and Kenshaw are owned by VivoPower through a holding company called Aevitas, which was formed in 2013 and acquired by VivoPower in December 2016.

The Critical Power Services businesses have several core competencies, encompassing a range of electrical, mechanical and non-destructive testing services.

J.A. Martin Electrical Pty Limited

Founded in 1968, J.A. Martin is a specialized industrial electrical engineering and power services company that has been servicing the largest commercial and industrial belt in Australia, the Newcastle and Hunter Valley region in NSW, for more than 50 years.

J.A. Martin operates from three premises in New South Wales, including a factory in Newcastle which manufactures, and services customized industrial switchboards and motor control centers. It has two office and workshop facilities, in the Hunter Valley for servicing the infrastructure, mining and industrial sectors, and in the Liverpool Plains for servicing customers in the infrastructure and mining sectors.

J.A. Martin's core competencies include: customized industrial switchboard and motor control center design, manufacture and maintenance; industrial electrical engineering, project management for mining, infrastructure and industrial applications; solar farm electrical contracting and EPC; electrical maintenance and servicing; and, industrial, mining and infrastructure CCTV and data cabling. With 117 employees and a fleet of 66 service vehicles J.A. Martin has built a strong reputation throughout eastern Australia for exceptional engineering and design, delivered on time and budget, supported by a high-level of quality and service.

J.A. Martin serviced over 250 customers in the past year across a diverse range of industries, including solar farms, grain handling and agriculture, water and gas utilities, cotton gins, commercial buildings, mining, marine and rail infrastructure. J.A. Martin's commitment to health & safety and quality, as recognized by their AS 4801 and ISO 9001 certifications, has positioned them to service some of the largest and most respected firms in the world.

With their history and core business centered in the industrial and mining sector of New South Wales, J.A. Martin has recently taken a firm foothold in the Australian solar EPC market, focusing on the small and medium sized solar project segment of the market. The Australian solar generation market has a strong long-term growth outlook. Bloomberg New Energy Finance energy outlook forecasts renewable power investment in Australia will reach more than \$138 billion by 2050. In addition, there is significant growth of behind the meter ground mount and roof-top solar installations as commercial, industrial and government entities respond to concerns about energy security and costs by embracing cheaper solar power solutions. J.A. Martin has recently completed the provision of electrical installation and services for its third solar farm. J.A. Martin has now also been approved by the Clean Energy Council of Australia enabling them to complete the entire EPC process, not just the electrical component, and as a result is very well positioned competitively to leverage the strong growth outlook for Australian solar.

Revenue is earned entirely within Australia and is comprised of the following activities:

(US dollars in thousands)	Three Months Ended 30 June		Year Ended March 31	
	2019	2018 <i>(unaudited)</i>	2019	2018
Electrical installation projects	\$ 774	\$ 1,030	\$ 8,375	\$ 6,165
Electrical service contracts	2,998	2,244	7,361	9,425
Electrical switchboard manufacturing	1,813	2,466	4,949	4,372
Total revenue	\$ 5,573	\$ 5,740	\$ 20,685	\$ 19,962

Revenue for the year ended March 31, 2017, has not been presented as it is not directly comparable. J.A. Martin was acquired as part of the Aevitas acquisition on December 28, 2016, and therefore the results of operations for the year ended March 31, 2017, only includes three months of revenue.

Revenue reported for the three months ended June 30, 2019, is materially impacted by the decrease in the exchange rate of the Australian dollar to the U.S. dollar. If the same exchange rate applicable to the three-month period ended June 30, 2018, was applied, revenue for the three months ended June 30, 2019, would be reported as \$6.0 million instead of \$5.6 million.

J.A. Martin is a business-to-business enterprise and obtains most of its business through tender processes or from extension of services to existing or previous customers.

There is no material seasonality which impacts this business.

With over 50 years of history, J.A. Martin sources its supplies from a large number of domestic suppliers based on competitive pricing, reliable delivery, product performance, and past business relationships. These relationships are integral to the realization of its commercial goals and ability to meet the demands of customers in a competitive marketplace.

With over 250 active customers for the year-ended June 30, 2019, the business is not reliant upon any one customer, nor is the business dependent on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

Kenshaw Electrical Pty Limited

Founded in 1981, Kenshaw has a unique mix of electrical, mechanical and non-destructive testing capabilities for customers across a broad range of industries, operating from its facilities in Newcastle, New South Wales, and Canberra, Australian Capital Territory. Kenshaw's success has been built on the capability of its highly skilled personnel to be able to provide a wide range of power generation solutions, products and services across the entire life-cycle for electric motors, power generation, mechanical equipment and non-destructive testing. From the head office in Newcastle, Kenshaw's engineers provide regular and responsive service to long-standing clients ranging from data centers, hospitals, mining and agriculture to aged care, transport and utility services.

Kenshaw's core competencies include: generator design, turn-key sales and installation; generator servicing and emergency breakdown services; customized motor modifications; non-destructive testing services including crack testing; diagnostic testing such as motor testing, oil analysis, thermal imaging and vibration analysis; and, industrial electrical services.

A growing market for Kenshaw is the data center sector and it is benefiting from this growth through Kenshaw's long-term relationship with one of Australia's leading data center companies.

A second key growth market for Kenshaw is hospitals and aged care facilities. According to a 2015 Intergenerational Report by the Australian Treasury Department, this is expected to require the development of approximately 76,000 new locations by 2024 in order to meet demand, as the number of Australians aged 65 years and over is forecast to more than double over the next 40 years. Kenshaw has built up significant experience through servicing longstanding customers such as Hunter New England Health, Anglican Care, and BUPA for which it delivers customized critical back up power solutions and services as well as generator and thermal imaging services.

Recent contract wins in the active treatment hospital sector, has also placed critical care power infrastructure as a key priority for growth over the coming years. The Australian Government is providing record investment in health care across hospital funding. Nationwide, the Australian Government's hospital funding contribution to states and territories is projected to grow from \$21.2 billion in 2018–19 to an estimated \$29.1 billion in 2024–25.

Revenue is earned entirely within Australia and is comprised of the following activities:

	Three Months Ended 30 June		Year Ended March 31	
	2019	2018	2019	2018
	<i>(unaudited)</i>			
(US dollars in thousands)				
Generator sales and installation	\$ 6,381	\$ 1,120	\$ 11,095	\$ 5,919
Generator service and non-destructive testing	1,178	1,091	1,744	1,786
Motor sales and overhaul	377	470	4,276	3,965
Total revenue	\$ 7,936	\$ 2,681	\$ 17,115	\$ 11,670

Revenue for the year ended March 31, 2017, has not been presented as it is not directly comparable. Kenshaw was acquired as part of the Aevitas acquisition on December 28, 2016, and therefore the results of operations for the year ended March 31, 2017, only includes three months of revenue.

Kenshaw has a regional based marketing strategy, utilizing sales staff on the road and internally, open and private tenders, targeted billboard advertising, and web-based advertising. New business is developed through a number of channels including: targeted cold calling, leveraging of existing relationships, breakdown services, and formal tendering process. Kenshaw also maintains strong relationships with key suppliers and consultants who will refer new and potential clients to us for projects and other works.

There is no material seasonality which impacts this business.

Kenshaw's relationship with its primary suppliers enables it to sell and service their equipment as dealers or agents. It is a primary supplier and service agent for Cummins generators and WEG electric motors. Kenshaw also maintains long term relationships with other equipment manufacturers such as Toshiba and FG Wilson. This allows it to offer a complete solution to its clients with flexibility of product choice. While equipment manufacturers are vital to success, it is the working relationships with all of its suppliers that allows Kenshaw to maintain our competitive advantage in delivering orders and projects.

For the three months ended June 30, 2019, 76% (year ended March 31, 2019: 32%) of Kenshaw's revenue was earned from one customer and this customer is expected to continue to provide significant revenue in future years. However, with almost 500 active customers for the year ended June 30, 2019, the business is not solely reliant on this customer, nor is the business reliant on any one patent, license, material contract, or process. Further, there are no government regulations which are material to the business, beyond those generally applicable to all businesses within the same statutory regime.

Solar Development

VivoPower continues to prioritize the development, construction, and sale of solar projects in Australia, leveraging the customer relationships of J.A. Martin and Kenshaw and providing a pipeline of development of EPC opportunities to J.A. Martin. With respect to the U.S., the Company's focus remains on the monetization of our portfolio of solar projects, with a view to then using the proceeds to execute a strategic redeployment.

Successful solar development requires an experienced team that can manage many work streams on a parallel path, from initially identifying attractive locations, to land control, permitting, interconnection, power marketing, and project sale to investors. Rather than build a substantial team internally to accomplish all of these activities, our business model is to joint venture on a non-exclusive basis with existing experienced project development teams so that multiple projects can be advanced simultaneously and allow us to focus on provision of capital, project management, and marketing and sale of projects. In Australia we have partnered with ITP Renewables ("ITP"), a global leader in renewable energy engineering, strategy and construction, and energy sector analytics. In the U.S., we have partnered with Innovative Solar Systems, LLC ("Innovative Solar"), one of the top solar developers in the U.S., having delivered 2.4 GW of projects to date, with another 13 GW in their current project pipeline.

Since long-term investors typically value projects on the basis of long-term rates of return (IRR), the development profit that may be created by a developer is the difference between the cost to develop projects and the fair market value of such projects. We believe that successful project development results in a significantly lower cost basis than buying projects that are already developed. With this approach, we believe that we can achieve attractive risk-adjusted returns in the current market. To achieve these returns, we focus on managing capital in a disciplined manner during the early development stages and seeking strategic investors with a low cost of capital once projects achieve an advanced stage.

The stages of solar development can be broadly characterized as: (i) early stage; (ii) mid-stage; (iii) advanced stage; (iv) construction; and, (v) operation. Our business model is to work through the development process from early stage through to advanced stage, and then sell those projects that have completed the advanced stage of development, also known as "shovel-ready" projects, to investors who will finance construction and ultimately own and operate the project.

Early stage development is primarily focused on securing site control, data collection, community engagement, preliminary permitting, and offtake analysis. We consider site control to be achieved once we have obtained purchase or lease options, easements or other written rights of access to the land necessary for the construction and operation of the solar project.

Mid-stage development is focused on:

- Transmission Interconnection Queue and Study - identification of a point of interconnection to the transmission or distribution system, obtaining a queue position with the relevant electric system operator, and completing at least one feasibility, screening, or system impact study (or equivalent). An interconnection study and its approval by the relevant transmission or distribution system operator is a prerequisite to the design and construction of the facilities that will interconnect the solar project with the transmission or distribution system.
- Environmental Impact Study and Permitting. Completion of an environmental impact study (or equivalent) is often a prerequisite to obtaining zoning/use permits. Depending on the size and location of the project, we generally initiate the studies needed for an environmental impact study approximately 18 months prior to the anticipated construction start date and receive the material permits before an interconnection is agreed with the relevant utility. To consider this milestone completed, we will have either finished an environmental impact study or received the material permits for the construction and operation of our solar project.

The most important goal of the advanced stage is to obtain an interconnection agreement with the relevant electric system operator and a revenue contract to sell power, usually through a Power Purchase Agreement ("PPA"). Long-term PPAs range from 5 to 15 years with creditworthy off takers, typically obtained by responding to requests for proposals or conducting bilateral negotiations with utility, commercial, industrial, municipal, or financial enterprises. In certain markets with liquid electricity trading, it is possible to enter into financial hedges to support a minimum price of power sold into such markets.

A project in the advanced stage indicates a higher degree of confidence for successful completion. However, a project may become unachievable during any stage of development for a variety of reasons including, loss of land control, unsuitable studies, uneconomic interconnection or increased construction costs. Should a project be deemed not viable at any stage of development, the project will be discontinued. Accordingly, our focus is to continuously and rigorously evaluate project viability through the earlier development stages and identify projects which will not be viable as early as possible.

Once completing the advanced stage of development, a project is considered to be shovel-ready. Prior to construction, VivoPower seeks qualified investors to purchase projects in order to maximize the return on our capital and opportunities from capital recycling. Potential purchases are identified and engaged from those parties known to VivoPower, its development partners, previous investors, and generally within the renewable energy industry.

Depending on the purchasing party and their particular investment objectives and capabilities, VivoPower may enter into a development agreement with them to manage construction on their behalf. During the construction stage, key contracts such as the PPA and interconnection agreements are finalized and executed. Estimated costs to build and operate the project are determined with selected contractors, internal technical resources and engineers. All the definitive contracts between the projects, financing parties and the EPC firm who will build the project will be executed, the construction is completed, and project is commissioned and interconnected to the grid, achieving its commercial operations date ("COD") under the PPA.

Once achieving COD, the operational stage begins, and the project generates electricity and sells power. During this phase, VivoPower may provide ongoing services encompassing operations, maintenance and optimization of these solar plants pursuant to long-term contracts. In addition, if a minority equity stake is retained, VivoPower may realize revenues from the sale of power.

The solar energy development industry is competitive. Competition within the industry is strong and can be expected to continue to increase. Some of our competitors have substantially more operating experience, access to financial, engineering, construction, business development or other resources important for solar energy development, larger footprints or brand recognition. We compete with energy and infrastructure funds and renewable energy companies and developers, as well as conventional power companies, to acquire, invest in and develop energy projects. Competition in the solar energy sector can be significantly affected by legal, regulatory and tax changes, as well as environmental and energy incentives provided by governmental authorities.

Our business is affected by various regulatory frameworks, particularly ones relating to energy and the environment. These include the rules and regulations of the Federal Energy Regulatory Commission, the U.S. Environmental Protection Agency, regional organizations that regulate wholesale electrical markets, state agencies that regulate energy development and generation and environmental matters, and foreign governmental bodies that occupy roles similar to the foregoing.

Our business is also affected by various policy mechanisms that have been used by governments to accelerate the adoption of solar power or renewable energy technologies generally. Examples of such policy mechanisms include rebates, performance-based incentives, feed-in tariffs, tax credits, accelerated depreciation schedules and net metering policies. In some cases, such mechanisms are scheduled to be reduced or to expire or could be eliminated altogether. Rebates are provided to purchasers of solar systems based on the cost and size of the purchaser's solar power system. Performance-based incentives provide payments to a solar system purchaser based on the energy produced by their solar power system. Feed In Tariffs ("FITs") pay solar system purchasers for solar power system generation based on energy produced at a rate that is generally guaranteed for a period of time. Tax credits and accelerated depreciation schedules permit an owner of a solar project to claim applicable credits and deduct depreciation from income on an accelerated basis on their tax returns. Net metering policies allow customers to deliver to the electric grid any excess electricity produced by their on-site solar power systems, and to be credited for that excess electricity at a rate that is often at or near the full retail price of electricity.

In addition, many states in the U.S. and Australia have adopted renewable portfolio standards or similar mechanisms which mandate that a certain portion of electricity delivered by utilities to their customers come from eligible renewable energy resources. Some states significantly expanded their renewable portfolio standards in recent years.

Our business is also affected by trade policy and regulations. Examples include tariffs on solar modules and solar cells. Such tariffs can have a significant impact on the pricing and supply of solar cells and solar modules, and as a result impact the sale value and/or economic viability of projects.

Australia

VivoPower had previously developed and acquired a diverse portfolio of operating solar projects in Australia, totaling 2.7 MW across 81 sites in every Australian state and the Australian Capital Territory. VivoPower's Australia projects are fully-contracted with commercial, municipal and non-profit customers under long-term power purchase agreements. Pursuant to the Company's strategy to recycle development capital, we have partially monetized these projects, having completed the sale of the Amaroo Solar Project (0.6 MW) in February 2018, the Express Power Portfolio of solar projects (0.2 MW) in September 2018, and the Juice Capital Portfolio of solar projects (0.3 MW) in November 2018.

The Company's remaining operating portfolio of solar projects consist primarily of the Sun Connect portfolio, a portfolio originally of 68 commercial and industrial sites totaling 1.6 GW acquired in December 2015, spread across five Australian states, with power purchase agreement end dates between 2033 and 2035. The Company has invested considerable time and effort to improve the portfolio including site performance evaluation, warranty replacements of faulty components, and customer communication. To date, a total of 15 sites have been sold for gross proceeds of \$228,000. Moving forward, as individual sites continue to reach the conclusion of the finance leases by which they were initially funded, VivoPower will collect an increasing stream of monthly revenue from retained projects. Revenue from remaining owned projects is currently \$10,000 per month, and that figure will increase to as much as \$26,000 per month by June 2022, subject to the number of sites sold in the interim. The Company will continue its focus on the sale of the individual sites, while continuing to pursue portfolio-wide sale opportunities if available.

In addition to the Sun Connect Portfolio, VivoPower is continuing to develop and finance new small to medium sized solar projects throughout Australia, both individually and with experienced partners. Following a term sheet signed in February 2018, VivoPower entered into a definitive investment agreement with ITP in July 2018, for the development of a portfolio of utility-scale solar projects in New South Wales to an aggregate minimum target of 50 MW. ITP is a global leader in renewable energy engineering, strategy and construction, and in energy sector analytics. Under the terms of the investment agreement, VivoPower funds up to 1.4 cents per watt (AC) of development costs per project in exchange for a 60% equity stake in each project, with an opportunity to achieve a sale and transfer at multiple stages, as early as shovel-ready. The projects will be developed on a merchant basis, with corporate offsite PPAs sought on an opportunistic basis during the development period.

The Company commenced development of the first project under the ITP investment agreement, Yoogali Solar Farm, in July 2018. Yoogali Solar Farm is a 15 MW project that is expected to reach shovel-ready in October 2019. Discussions are already underway with various investors seeking to acquire the project and, depending on the investor, VivoPower may remain involved to construct the project for a development fee to be agreed. A second solar project under the ITP agreement has recently been approved and is expected to complete development by June 2020.

VivoPower believes its continued focus and investment in the Australian solar market is strategic, not only for the returns which it can provide but also for the pipeline of potential EPC work it can provide to J.A. Martin. While this business has been slow to develop momentum, which we believe is largely a result of limited investment capital and historic projects which required significant attention but produced minimal income, we believe that with capital being recycled from both the Australian historic projects and sale of the U.S. portfolio, this business has the capacity to grow exponentially over the next two to five years and contribute significant development profits to VivoPower and EPC opportunities to J.A. Martin.

The Australian renewable energy market is expected to experience very strong growth over the coming years. According to Bloomberg, new renewable and flexible generators are expected to make up 78% of Australia's energy capacity by 2050, up from just 33% in 2017. Over the same period, fossil fuels will decline from 67% to 17% of Australia's capacity mix, driven by the increasing affordability of renewables along with retirements of coal and other traditional sources of generation. Over US\$138 billion is forecast to be invested in new renewables and battery storage in Australia over that period, compared to less than US\$25 billion in other sources.

Already the world leader in residential solar penetration, Australia will continue to add home rooftop solar, while at the same time seeing a boom in larger-scale commercial, industrial and utility-scale installations over the coming decade. With new solar already far less expensive than building or extending the lives of existing coal and gas generators, and nearly cheaper than running existing coal, Australia's solar boom is expected to continue even in the absence of any additional incentives or other legislation.

The Company believes that the combined project development, financing and construction expertise of VivoPower and J.A. Martin uniquely positions us as a broad-spectrum service provider to the burgeoning Australian solar market.

United States

The Company's key objective in the United States is to enhance the value and then monetize its portfolio of U.S. solar projects, with a view to using the proceeds to execute a strategic pivot for the Company in the next twelve months.

VivoPower's portfolio of U.S. solar projects is held by Innovative Solar Ventures I, LLC ("ISS Joint Venture"), a joint venture with an affiliate of Innovative Solar. The ISS Joint Venture provides a 50% ownership in a diversified portfolio of 38 solar projects in 9 states across the United States, with a combined potential electrical generating capacity of 1.8 GW.

Under the terms of the ISS Joint Venture, the Company has committed to invest \$14.2 million in the ISS Joint Venture for its 50% equity interest, after reducing the commitment by \$0.8 million in potential brokerage commissions that have not been required and which have been credited towards the Company's commitment. The \$14.2 million commitment is allocated to each of the 38 projects based on monthly capital contributions determined with reference to completion of specific project development milestones under an approved development budget for the ISS Joint Venture. To June 30, 2019, the Company contributed \$13.1 million of the \$14.2 million commitment to the ISS Joint Venture, leaving a remaining capital commitment at June 30, 2019, of \$1.1 million, which is recorded in trade and other payables.

With respect to any sale, 2/3 of the first \$15 million of cumulative gross proceeds of project sales are distributed to VivoPower, 1/3 of the following \$15 million, and 50% thereafter.

Of the original 38 projects, three have been discontinued as we considered them less economically attractive versus other projects and did not want to invest further capital in them. The remainder of the projects are in various stages of development as summarized below and are all being actively marketed for sale with an expectation of full realization within the next twelve months. The reflection of projects in fiscal years is based on the expected date the project will complete the advanced stage of development and be 'shovel-ready' and is for indicative purposes only as projects may be sold at any stage of development. None of these projects have been written up in value and continue to be carried at cost.

Project	State	Capacity (MW)	Development Stage	Early Stage		Mid Stage			Advanced Stage	
				Land Control	Interconnection Queue	Environmental Studies	Zoning / Use Permit	Interconnection Study	Interconnection Agreement	Power Purchase Agreement
FY2020 Solar Projects										
IS 177	TX	34	Advanced	✓	✓	✓	✓	✓	✓	✓
IS 341	TX	27	Advanced	✓	✓	✓	✓	✓	✓	
IS 195	TX	41	Advanced	✓	✓	✓	✓	✓	✓	
IS 78	FL	75	Advanced	✓	✓			✓	✓	
IS 330	FL	41	Advanced	✓	✓			✓		
IS 145	TX	62	Advanced	✓	✓	✓	✓	✓		
IS 165	TX	62	Advanced	✓	✓	✓	✓	✓		
IS 144	TX	82	Advanced	✓	✓	✓	✓	✓		
IS 75	TX	55	Advanced	✓	✓	✓	✓	✓		
IS 207	TX	83	Advanced	✓	✓	✓	✓	✓	✓	
IS 137	TX	27	Advanced	✓	✓	✓	✓	✓		
IS 305	TX	41	Advanced	✓	✓	✓	✓	✓		
IS 320	CO	41	Advanced	✓	✓	✓	✓	✓	✓	
IS 371	CO	86	Advanced	✓	✓	✓	✓	✓		✓♦
IS 269	CO	55	Advanced	✓	✓	✓	✓	✓		
IS 168	FL	43	Advanced	✓	✓	✓		✓		✓♦
IS 239	CO	55	Mid	✓	✓	✓	✓			
IS 229	KS	69	Mid	✓	✓	✓				
IS 267	OK	41	Mid	✓	✓					
IS 291	KS	34	Mid	✓	✓	✓	✓			
IS 339	OK	69	Mid	✓	✓					
IS 244	KS	34	Mid	✓	✓	✓	✓			
IS 76	SC	21	Mid	✓	✓	✓				✓♦
IS 129	SC	26	Mid	✓	✓	✓	✓			✓♦
IS 132	SC	26	Mid	✓	✓	✓	✓			✓♦
Subtotal	25 Projects	1,232								
FY2021 Solar Projects										
IS 107	TX	87	Mid	✓	✓	✓	✓			
IS 88	NM	87	Mid	✓	✓	✓	✓			
IS 276	TX	50	Mid	✓	✓	✓	✓			
IS 307	TX	50	Mid	✓	✓	✓	✓			
IS 111	GA	27	Early	✓		✓	✓			✓♦
IS 90	GA	27	Early	✓		✓	✓			✓♦
IS 83	GA	27	Early	✓		✓	✓			✓♦
IS 86	GA	27	Early	✓		✓	✓			✓♦
IS 370	WA	74	Early	✓		✓	✓			✓♦
IS 211	WA	56	Early	✓		✓	✓			✓♦
Subtotal	10 Projects	513								
Projects Discontinued										
IS 97	SC	28	Discontinued							
IS 84	SC	30	Discontinued							
IS 112	GA	20	Discontinued							
Subtotal	3 Projects	77								
Total US Projects	38 Projects	1,823								

♦ Project is eligible for a PPA under PURPA, a U.S. federal law that requires utilities in regulated areas to offer PPAs to renewable energy providers with Qualifying Facilities.

JOBS Act

In April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an "emerging growth company." As an "emerging growth company," we have irrevocably elected not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable. In addition, we are in the process of evaluating the benefits of relying on the other exemptions and reduced reporting requirements provided by the JOBS Act.

Subject to certain conditions set forth in the JOBS Act, if as an "emerging growth company" we choose to rely on such exemptions, we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), or (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of our chief executive officer's compensation to median employee compensation.

These exemptions will apply for a period of five years following the completion of the Business Combination or until we no longer meet the requirements of being an "emerging growth company," whichever is earlier.

C. Organizational Structure

VivoPower has 27 subsidiaries and associate undertakings (collectively with VivoPower, "the Group"). The following list shows the Company's shareholdings in subsidiaries, associate and joint ventures owned directly and indirectly as at June 30, 2019.

Subsidiaries	Incorporated	% Owned	Purpose
VivoPower International Services Limited	Jersey	100%	Operating company
VivoPower USA, LLC	United States	100%	Operating company
VivoRex, LLC	United States	100%	Operating company
VivoPower US-NC-31, LLC	United States	100%	Dormant
VivoPower US-NC-47, LLC	United States	100%	Dormant
VivoPower (USA) Development, LLC	United States	100%	Holding company
VivoPower Pty Limited	Australia	100%	Operating company
VivoPower WA Pty Limited	Australia	100%	Dormant
VVP Project 1 Pty Limited	Australia	100%	Dormant
Amaroo Solar Pty Limited	Australia	100%	Dormant
SC Tco Pty Limited	Australia	100%	Holding company
SC Hco Pty Limited	Australia	100%	Holding company
SC Fco Pty Limited	Australia	100%	Holding company
SC Oco Pty Limited	Australia	100%	Operating company
Aevitas O Holdings Pty Limited	Australia	100%	Holding company
Aevitas Group Limited	Australia	99.9%	Holding company
Aevitas Holdings Pty Limited	Australia	100%	Holding company
Electrical Engineering Group Pty Limited	Australia	100%	Holding company
JA Martin Electrical Limited	Australia	100%	Operating company
Kenshaw Electrical Pty Limited	Australia	100%	Operating company
VivoPower Singapore Pte Limited	Singapore	100%	Dormant

Associate and Joint Venture Undertakings	Incorporated	% Owned	Purpose
VivoPower Philippines Inc.	Philippines	64%	Dormant
VivoPower RE Solutions Inc.	Philippines	64%	Dormant
VVPR-ITP ProjectCo 1 Pty Limited	Australia	60%	Operating company
VVPR-ITP TopCo Pty Limited	Australia	50%	Holding company
Innovative Solar Ventures I, LLC	United States	50%	Operating company
V.V.P. Holdings Inc.	Philippines	40%	Dormant

The Philippine entities above, listed as Associates, are under the control of VivoPower Singapore Pte Limited, and therefore are consolidated into the consolidated financials of VivoPower International PLC.

D. Property, Plant, and Equipment

Our corporate headquarters is located in London, United Kingdom.

We lease all of our facilities and do not own any real property. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate planned expansion of our operations. Leased real property as at June 30, 2019 is as follows:

Company	Office Location	Purpose
VivoPower International PLC	London, United Kingdom	Corporate office
VivoPower PTY Limited	Sydney, Australia	Solar development
J.A. Martin Electrical PTY Limited	Tomago, Australia	Head office, manufacturing, service
J.A. Martin Electrical PTY Limited	Gunnedah, Australia	Regional service
J.A. Martin Electrical PTY Limited	Mt Thorley, Australia	Regional service
Kenshaw Electrical PTY Limited	Cardiff, Australia	Head office, workshop, service
Kenshaw Electrical PTY Limited	Canberra, Australia	Regional service

Effective April 1, 2019, the Company adopted the provisions of IFRS 16 – *Leases* on a modified retrospective basis, as more fully discussed in Note 2.16 to the consolidated financial statements, adding \$1.3 million to property, plant, and equipment representing right-of-use assets arising from operating leases. All amounts stated with respect to property, plant, and equipment from April 1, 2019, include the impact of this one-time adjustment and are separately identified as right-of-use assets (including motor vehicles held under finance leases) and therefore the balance of property, plant, and equipment at June 30, 2019, is not directly comparable to prior periods.

The Group has \$3.0 million invested in property, plant, and equipment at June 30, 2019 (March 31, 2019: \$1.2 million; 2018: \$1.9 million; 2017: \$2.2 million). This includes plant and equipment of \$0.6 million (March 31, 2019: \$0.4 million; 2018: \$0.8 million; 2017: \$1.2 million), motor vehicles of \$0.3 million (March 31, 2019: \$0.5 million; 2018: \$0.8 million; 2017: \$0.6 million), computer equipment, fittings & equipment of \$0.3 million (March 31, 2019: \$0.3 million; 2018: \$0.3 million; 2017: \$0.3 million), and right-of-use assets of \$1.8 million, representing leases for property and motor vehicles.

In addition, as part of our business model, we invest in solar development projects that include long-term leases, easements or other real property rights relating to the property on which such projects are developed. The cost of these leases are capitalized as part of project development costs and accounted for as investments.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Transition Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including, but not limited to, the risks discussed in this Transition Report in "Item 3. Key Information - D. Risk Factors" or in other parts of this Transition Report. Our audited consolidated financial statements included elsewhere in this Transition Report are prepared in accordance with IFRS, as issued by the International Accounting Standards Board and are presented in U.S. dollars. Any amounts shown as at and for the three months ended 30 June 2018 are unaudited.

A. Operating Results

Overview

VivoPower is an international solar and power services business, providing critical energy infrastructure generation and distribution solutions to a diverse range of commercial and industrial customers throughout Australia, including the development, construction, and sale of photovoltaic solar projects. In addition, the Company continues to focus on the monetization of its portfolio of U.S. solar projects, with a view to execute a strategic redeployment within the next twelve months.

Three Months Ended June 30, 2019

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018 <i>(unaudited)</i>
Revenue from contracts with customers	\$ 13,617	\$ 9,111
Costs of sales	(11,960)	(7,446)
Gross profit	1,657	1,666
General and administrative expenses	(1,291)	(2,079)
Gain on sale of assets	38	(4)
Depreciation and amortization	(437)	(411)
Operating profit/(loss)	(33)	(829)
Restructuring costs	(525)	(40)
Finance expense – net	(796)	(842)
Loss before income tax	(1,354)	(1,711)
Income tax	(92)	12
Loss for the period	\$ (1,446)	\$ (1,699)

During the three months ended June 30, 2019, the Company and its subsidiaries (the "Group") generated revenue of \$13.6 million, gross profit of \$1.7 million, operating loss of \$0.03 million and a net loss of \$1.4 million. For the three months ended June 30, 2018, the Group generated revenue of \$9.1 million, gross profit of \$1.7 million, operating loss of \$0.8 million, and a net loss of \$1.7 million.

Adjusted EBITDA for the three months ended June 30, 2019 was a profit of \$0.4 million, compared to a loss of \$0.4 million for the same period in the previous year. Adjusted EBITDA is a non-IFRS financial measure. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, impairment of assets, impairment of goodwill, and one-off non-recurring costs, including restructuring expenses, non-recurring remuneration and consulting fees.

The results of operations for the three months ended June 30, 2019 reflect a period of significant growth for the Critical Power Services business segment, primarily as a result of a number of new contracts for Kenshaw with data center and hospital sector customers. These have contributed to a \$5.1 million growth in Critical Power Services revenues, to \$13.5 million in the three months ended June 30, 2019, compared to \$8.4 million in the three months ended June 30, 2018. Solar revenues of \$0.1 million in the three months ended June 30, 2019, resulted from sale of Solar Renewable Energy Certificates ("SREC's"). By contrast Solar revenues were \$0.6 million higher in the three months ended June 30, 2018, resulting from distributions from the Group's investments in NC-31 and NC-47 solar projects in North Carolina, United States (together, the "NC Projects") prior to their sale in July 2018.

The results of operations for the three months ended June 30, 2019, also reflect savings of \$0.8 million in general and administrative costs compared to the three months ended June 30, 2018. There was significant effort to rationalize the cost base of the Solar Development business in the year. Headcount reduction and bringing in-house previously outsourced business activities also generated savings of \$0.8 million in labor, legal and professional fees, and travel expenses.

The results of operations for the three months ended June 30, 2019 further reflect restructuring costs of \$0.5 million for legal and professional fees related to disputes with former employees, as further described in Note 7 to the consolidated financial statements.

Management analyses our business in three reportable segments: Critical Power Services, Solar Development, and Corporate Office. Critical Power Services is represented by J.A. Martin and Kenshaw operating in Australia with a focus on the design, supply, installation and maintenance of power and control systems. Solar Development is the development and sale of commercial and utility scale PV solar power projects in the U.S. and Australia. Corporate Office is all United Kingdom based corporate functions. The following are the results of operations for the three months ended June 30 by reportable segment:

Three Months Ended June 30, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 13,484	\$ 133	\$ -	\$ 13,617
Costs of sales	(11,864)	(96)	-	(11,960)
Gross profit	1,620	37	-	1,657
General and administrative expenses	(567)	(206)	(518)	(1,291)
Gain/(loss) on sale of assets	5	41	(8)	38
Depreciation and amortization	(422)	(14)	(1)	(437)
Operating profit/(loss)	636	(142)	(527)	(33)
Restructuring costs	(15)	(39)	(471)	(525)
Finance expense – net	(358)	(49)	(389)	(796)
Profit/(loss) before income tax	263	(230)	(1,387)	(1,354)
Income tax	(92)	-	-	(92)
Profit/(loss) for the period	\$ 171	\$ (230)	\$ (1,387)	\$ (1,446)

Three Months Ended June 30, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 8,416	\$ 695	\$ -	\$ 9,111
Costs of sales	(7,294)	(152)	-	(7,446)
Gross profit	1,122	543	-	1,665
General and administrative expenses	(662)	(721)	(696)	(2,079)
Loss on sale of assets	(4)	-	-	(4)
Depreciation and amortization	(375)	(34)	(2)	(411)
Operating profit/(loss)	82	(212)	(698)	(828)
Restructuring costs	-	-	(40)	(40)
Finance expense – net	(256)	(164)	(422)	(842)
Loss before income tax	(174)	(377)	(1,160)	(1,711)
Income tax	8	4	-	12
Loss for the period	\$ (166)	\$ (373)	\$ (1,160)	\$ (1,699)

Total finance expense for the three months ended June 30, 2019 remained at \$0.8 million compared to the three months ended June 30, 2018, with interest on convertible loan notes and preferred share financing in Critical Power Services and the \$19.0 million Arowana shareholder loan in line with prior year at \$0.4 million. An increase in interest payable of \$0.1 million as compared to the comparative period in Critical Power Services arose due from interest on debtor finance borrowings introduced in August 2018. This increase was offset by non-recurrence of interest on the \$2.0 million short-term loan from SolarTide, LLC outstanding in the comparative period.

As at June 30, 2019, the Group's current assets were \$36.3 million (as at March 31, 2019: \$29.8 million), which was comprised of \$7.1 million (as at March 31, 2019: \$4.5 million) of cash and cash equivalents, \$0.6 million restricted cash (as at March 31, 2019: \$1.3 million), \$15.0 million (as at March 31, 2019: \$10.4 million) of trade and other receivables, and \$13.5 million (as at March 31, 2019: \$13.5 million) of assets held for sale related to the ISS Joint Venture portfolio.

Current liabilities were \$29.1 million as at June 30, 2019, (as at March 31, 2019: \$20.8 million), primarily due to a \$5.1 million increase in contract liabilities related to critical power contracts in process at June 30, 2019, \$0.6 million due to the change in accounting policy related to operating leases as further described in Note 2.16 to the consolidated financial statements, and a \$0.8 million short-term shareholder loan advanced in the three months ended June 30, 2019.

Current asset-to-liability ratio as at June 30, 2019 was 1.25:1 (as at March 31, 2019: 1.43:1).

As at June 30, 2019, the Group had net assets of \$22.5 million (as at March 31, 2019: \$24.0 million), including intangible assets of \$31.8 million (as at March 31, 2019: \$32.3 million). Property, plant and equipment increased from \$1.2 million as at March 31, 2019 to \$3.0 million as at June 30, 2019, principally due the \$1.6 million impact of the change in accounting policy related to operating leases as referenced above.

Cash generated for the three months ended June 30, 2019, was \$2.6 million, compared to cash used of \$0.04 million for the three months ended June 30, 2018, arising from cash generated by operating activities of \$2.2 million (three months ended June 30, 2018: cash used \$0.08 million), cash used in investing activities of \$0.4 million (three months ended June 30, 2018: \$nil), and cash generated by financing activities of \$0.7 million (three months ended June 30, 2018: \$0.04 million). At June 30, 2019, the Group had cash reserves of \$7.1 million (March 31, 2019: \$4.5 million) and debt of \$21.7 million (March 31, 2019: \$19.3 million), giving a net debt position of \$14.6 million (March 31, 2019: \$14.7 million). The impact of the change in accounting policy with respect to operating leases as referenced above is an increase in debt of \$1.6 million during the period.

Cash flows from investing activities in the current period comprised \$0.1 million proceeds from sale of other project assets in Australia, offset by purchase of \$0.4 million of operating assets in Critical Power Services businesses.

Cash flows from financing activities totaled \$0.7 million in the three months ended June 30, 2019, as compared to \$0.04 million for the three months ended June 30, 2018. Inflows for the three months ended June 30, 2019, comprised an \$0.8 million short-term shareholder loan, \$0.2 million of additional debtor finance borrowings in Critical Power Services and \$0.7 million transfer from restricted cash, principally due to settlement of the \$0.5 million preferred supplier escrow. Partly offsetting these inflows were lease repayments of \$0.1 million for right-of-use assets in Critical Power Services businesses and \$0.8 million finance expenses.

Revenue

Revenue for the three months ended June 30, 2019, increased \$4.5 million to \$13.6 million, from \$9.1 million in the three months ended June 30, 2018.

Revenue by product and service is follows:

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Electrical products and related services	\$ 13,484	\$ 8,416
Other revenue	133	695
Total revenue	\$ 13,617	\$ 9,111

The sale of electrical products and related services is generated from our Australia-based Critical Power Services businesses, JA Martin and Kenshaw, and is focused on the design, supply, installation and maintenance of power and control systems. Revenue generated in these operations is recognized in two ways. On smaller projects, revenue is recognized when the project is completed and is invoiced at that time. On larger projects, revenue is recognized on the achievement of specific milestones defined in each individual project. When the milestones are reached, the customer is invoiced, and the revenue is then recognized.

Revenue from electrical products and related services for the three months ended June 30, 2019, of \$13.5 million increased \$5.1 million compared to the \$8.4 million earned for the three months ended June 30, 2018. This is primarily a result of new contracts for Kenshaw with data center and hospital sector customers.

Other revenue for the three months ended June 30, 2019 comprised \$0.1 million from the sale of SRECs purchased from the NC Projects. Other revenue for the period ended June 30, 2018 included \$0.1 million from the sale of SRECs purchased from the NC Projects, \$0.5 million earnings distribution related to the equity investment in the NC Projects carried at cost and \$0.1 million power generation income from Australian solar projects.

Revenue by geographic location is follows:

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Australia	\$ 13,507	\$ 8,466
United States	110	645
Total revenue	\$ 13,617	\$ 9,111

Australian revenue of \$13.5 million for the three months ended June 30, 2019, is comprised of revenue from critical power services provided by Kenshaw and JA Martin. This compares to \$8.5 million in the three months ended June 30, 2018, comprising \$8.4 million of revenue from Critical Power Services, and \$0.1 million of power generation income from Australian solar projects.

The growth in Critical Power Services revenue in the three months ended June 30, 2019, compared to the same period in 2018, is primarily driven by the significant growth in larger scale projects such as data centers.

U.S. revenue of \$0.1 million for the three months ended June 30, 2019, was composed of other revenue and related to the sale of SREC's. This compares to U.S. revenue of \$0.6 million for the three months ended June 30, 2018, which comprises other revenue from the sale of SREC's (\$0.1 million) and distribution of earnings from the NC Projects (\$0.5 million).

The Group had one customer representing more than 10% of revenue for the three months ended June 30, 2019. Revenue recognized for this customer amounted to \$6.0 million in the Critical Power Services segment.

Cost of Sales

Cost of sales by product or service is as follows:

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Electrical products and related services	\$ 11,864	\$ 7,294
Other revenue	96	152
Total cost of sales	\$ 11,960	\$ 7,446

Total cost of sales totaled \$12.0 million for the three months ended June 30, 2019, as compared to \$7.4 million for the three months ended June 30, 2018.

Cost of sales related to electrical products and related services consists of material purchases and direct labor costs, motor vehicle expenses and any directly related costs attributable to manufacturing, service, or other cost of sales and was \$11.9 million for the three months ended June 30, 2019 as compared to \$7.3 million for the three months ended June 30, 2018. The increase in total cost of sales was primarily driven by the revenue growth in Critical Power Services as described above.

The cost of sales related to other revenue of \$0.1 million for the three months ended June 30, 2019, and \$0.2 million, for the three months ended June 30, 2018, is comprised of the cost of SREC purchases from the NC Projects.

Gross Profit

Gross profit by product and service is as follows:

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Electrical products and related services	\$ 1,620	\$ 1,122
Other revenue	37	543
Total gross profit	\$ 1,657	\$ 1,665

The Company's gross profit is equal to revenue less cost of sales and totaled \$1.7 million for the three months June 30, 2019, and for the three months ended June 30, 2018.

The gross profit from electrical products and related services (the Critical Power Services business) was \$1.6 million, which represents a gross margin of 12.0%. This compares to gross profit of \$1.1 million for the three months ended June 30, 2018, which represented a gross margin percentage of 13.1%. The margin decrease is due to a change in the mix of revenue towards lower margin materials from higher margin labor due to the higher volume of generator sales in the current period compared to the prior period.

The gross profit from other revenue for the three months ended June 30, 2019 relates to power generation income from Australian solar projects. Sale of SRECs generated nil gross profit as cash losses on purchase and sale of SREC's in the period were offset by release of associated amounts previously provided under the onerous contract provision recorded at March 31, 2019.

Gross profit from other revenue of \$0.5 million for the three months ended June 30, 2018, was related to earnings distribution from the equity investment in the NC Projects.

General and Administrative Expenses

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Salaries and benefits	\$ 923	\$ 1,333
Professional fees	181	340
Insurance	150	101
Travel	36	44
IT licensing and support	61	104
Office and other expenses	77	157
Change in accounting policy	(137)	-
Total general and administrative expenses	\$ 1,291	\$ 2,079

General and administrative expenses decreased by \$0.8 million to \$1.3 million for the three months ended June 30, 2019, compared to \$2.1 million for the three months ended June 30, 2018. These expenses consist primarily of operational expenses, such as those related to employee salaries and benefits, professional fees, insurance, travel, IT, office and other expenses.

The reduction in these expenses primarily resulted from cost cutting measures undertaken in the Solar and Corporate business segments which generated \$0.5 million savings in salaries and benefits and professional fees.

Salaries and benefits are \$0.9 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$1.3 million), or 71.5% (three months ended June 30, 2018: 66.7%) of general and administrative expenses. The reduction of \$0.4 million is in the Solar segment, due to reduction in headcount in the U.S. and United Kingdom, partly offset by a marginal increase in the Critical Power Services segment, where headcount has increased to support the growing operations. Key management personnel account for \$0.5 million of the total salary and benefits expense for the three months ended June 30, 2019.

Professional fees of \$0.2 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$0.3 million), or 14.1% (three months ended June 30, 2018: 16.3%) of general and administrative expenses, are comprised of audit and accounting fees, consulting fees to support business development and legal fees. Professional fees reduced due to cost saving measures implemented.

Insurance expense of \$0.2 million for the three months ended June 30, 2019, (three months ended June 30, 2018: \$0.1 million) increased in the Critical Power Services business, as a result of growth in the business.

IT licensing and support expenses represent the cost of accounting, operations, email and office, file storage, and security software products and licenses. Office and other expenses include office and meeting space rental, communication and marketing, bank fees and general office administrative costs. Travel, IT, office and other expenses reduced from \$0.3 million in the three months ended June 30, 2018, to \$0.2 million in three months ended June 30, 2019, due to cost savings in the Solar Development segment.

An \$0.1 million credit adjustment was recorded in the three months ended June 30, 2019, resulting from reversal of operating lease charges arising on the change of accounting policy described in Note 2.16 to the consolidated financial statements. It was not possible to ascertain the element of the adjustment that relates to cost of sales, accordingly the adjustment is shown in general and administration expenses.

(Loss)/Gain on Sale of Assets

The gain on sale of assets for the three months ended June 30, 2019, arose principally on the sale of Australian solar assets comprising the Sun Connect portfolio.

Depreciation and amortization

Depreciation is charged on property plant and equipment on a straight-line basis and is charged in the month of addition. We depreciate the following class of assets at differing rates dependent on their estimated useful lives. The net book value of assets held as of June 30, 2019, was 3.0 million (March 31, 2019: \$1.2 million).

Tangible asset	Estimated useful life (in years)
Computer equipment	3
Fixtures and fittings	3 to 20
Motor vehicles	5
Plant and equipment	3.5 to 10
Right-of-use assets	2 months to 6 years

Amortization costs relate to the amortization of intangible assets generated on the acquisition of VivoPower Australia and Aevitas as part of the Business Combination. The intangible assets identified in the acquisition of Aevitas and VivoPower Australia and their estimated useful life is provided in the table below:

Identifiable intangible asset	Estimated useful life (in years)
Customer relationships	10
Trade names	15 - 25
Favorable supply contracts	15
Databases	5

Under IFRS, intangible assets and goodwill are subject to an annual impairment review. No impairment charge was recorded for the year, following the impairment review as of June 30, 2019.

An impairment review tests the recoverable amount of the cash-generating unit which gave rise to the intangible asset or goodwill in order to determine the existence or extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows. All impairment losses are recognized in the Statement of Comprehensive Income.

Restructuring Costs

Restructuring costs by nature are one-time incurrences, and therefore, we believe have no bearing on the financial performance of our business. To enable comparability in future periods, the costs are disclosed separately on the face of our Statement of Comprehensive Income.

	Three Months Ended June 30	
	2019	2018
(US dollars in thousands)		<i>(unaudited)</i>
Corporate restructuring – professional fees	\$ 518	\$ 40
Corporate restructuring – terminated projects	7	-
Total restructuring costs	\$ 525	\$ 40

During the three months ended June 30, 2019 and the three months ended June 30, 2018, the Company incurred further costs related to the restructuring measures commenced in the year ended March 31, 2018.

During the year ended March 31, 2018, the Company undertook a strategic restructuring of our business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity that we believe have the most potential for to generate profitability and return. Associated with this restructuring was the departure of a number of employees and contractors from our business. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations, including the Comberg Claims (see "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*"). Terminated projects are the costs incurred for business development of specific solar development projects in South America and Australia for which the decision was made not to proceed for economic reasons.

Finance Expense

Finance expense consists primarily of interest expense associated with the interest payable on our outstanding loan with AWN and the Aevitas convertible preference share and loan notes reflected as equity instruments in our accounts. During the year ended March 31, 2019, the Company established debtor finance facilities in the Critical Power Services segment, incurring \$0.1 million interest charges in the three months ended June 30, 2019. During the three months ended June 30, 2018, the Company repaid the \$2.0 million loan from SolarTide, LLC, after incurring \$0.2 million interest charges. SolarTide, LLC is an affiliate of DEPCOM Power, an engineering, procurement, and construction firm who delivered engineering, procurement, and related services for the NC Projects.

The Company also incurred interest charges on leases in the three months ended June 30, 2019, following the change in accounting policy related to operating leases, as further described in Note 2.16 to the consolidated financial statements, on 1 April 2019. The Company incurred provision discount unwinding costs in the three months ended June 30, 2019, following the recognition on March 31, 2019, of a \$1.9 million onerous contract provision related to future obligations to purchase SRECs from the NC Projects.

The components of finance expense are as follows:

(US dollars in thousands)	Three Months Ended June 30	
	2019	2018
		<i>(unaudited)</i>
Shareholder loan	\$ 387	\$ 402
Convertible preference shares and loan notes	307	256
SolarTide loan	-	164
Debtor invoice financing	51	-
Interest on leases	22	-
Provision discount unwinding	42	-
Other finance costs	6	20
Foreign exchange	(19)	12
Total finance expenses	\$ 796	\$ 842

Foreign exchange expense consists primarily of foreign exchange fluctuations related to short-term intercompany accounts and foreign currency exchange gains and losses related to transactions denominated in currencies other than the functional currency for each of our subsidiaries. We expect our foreign currency exchange gains and losses to continue to fluctuate in the future as foreign currency exchange rates change. We expect our exposure to currency fluctuations to be minimal and immaterial, and as such, have not entered into any hedging contracts.

Income Tax Expense

We are subject to income tax for the three months ended June 30, 2019 at rates of 19%, 22.6%, and 30% in the United Kingdom, the U.S., and Australia, respectively, and we use estimates in determining our provision for income taxes. We account for income taxes in accordance with IFRS 12, using an asset and liability approach that requires recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, and for net operating loss and tax credit carry forwards.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. At June 30, 2019 and 2018, we did not have any uncertain tax positions that would impact our net tax provision.

For the Year Ended March 31, 2019

During the year ended March 31, 2019, the Company and its subsidiaries (the "Group") generated statutory revenue of \$39.0 million, gross profit of \$6.3 million, operating loss of \$5.4 million and a net loss of \$11.2 million. For the year ended March 31, 2018, the Group generated revenue of \$33.6 million, gross profit of \$5.1 million, operating loss of \$7.6 million, and a net loss of \$27.9 million. For the year ended March 31, 2017, the Group generated revenue of \$32.3 million, gross profit of \$27.2 million, operating profit of \$17.3 million and net profit of \$5.6 million.

Adjusted EBITDA for the year ended March 31, 2019, was a loss of \$1.2 million, compared to a loss of \$3.2 million in the previous year. Adjusted EBITDA is a non-IFRS financial measure. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, impairment of assets, impairment of goodwill, and one-off non-recurring costs, including restructuring expenses, non-recurring remuneration and consulting fees.

The results of operations for the year ended March 31, 2019, reflect a year of significant growth for the Critical Power Services business segment. Kenshaw in particular won a number of new contracts with data center and hospital sector customers. These have contributed to a \$6.0 million growth in Critical Power Services revenues, to \$37.8 million, compared to \$31.8 million in the year ended March 31, 2018. Solar Development revenues of \$1.2 million comprise \$0.4 million from sale of Solar Renewable Energy Certificates ("SREC's") and \$0.8 million distributions from the Group's investments in NC-31 and NC-47 solar projects in North Carolina, U.S. (together, the "NC Projects") prior to their sale in July 2018. By contrast Solar revenues were \$0.6 million higher in the year ended March 31, 2018, due principally to non-recurrence of development fee revenue recognized on the NC-47 project which was completed in April 2017.

None of the 38 solar projects in the ISS Joint Venture achieved a shovel-ready stage of development during the year and accordingly did not contribute to profitability in the year ended March 31, 2019.

The results of operations for the year ended March 31, 2019, reflect savings of \$5.1 million in general and administrative costs. There was significant effort to rationalize the cost base of the Solar business in the year. Headcount reduction and bringing in-house previously outsourced business activities has generated savings of \$4.1 million in labor, legal and professional fees, and travel expenses. Partly offsetting these savings were \$0.6 million increase in labor and other overhead costs in Critical Power Services, required to support their growth in operations. Furthermore, there was a saving in one-time costs of \$1.6 million for third party consulting fees incurred in the year ended March 31, 2018, on international solar procurement consulting, project evaluations, engineering review and technical validation related to the EPC contract for NC-31.

The results of operations for the year ended March 31, 2019, also reflects restructuring costs of \$2.0 million comprised of \$1.8 million of legal and professional fees related to disputes with former employees, as further described in Note 7 to the financial statements, and \$0.2 million of further workforce reduction actions were also incurred in the year.

Management analyses our business in three reportable segments: Critical Power Services, Solar Development, and Corporate Office. Critical Power Services is represented by J.A. Martin and Kenshaw operating in Australia with a focus on the design, supply, installation and maintenance of power and control systems. Solar Development is the development and sale of commercial and utility scale PV solar power projects in the U.S. and Australia. Corporate Office is all United Kingdom based corporate functions. The following are the results of operations for the years ended March 31 by reportable segment:

Year Ended March 31, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 37,800	\$ 1,236	\$ -	\$ 39,036
Costs of sales	(32,317)	(409)	-	(32,726)
Gross profit	5,483	827	-	6,310
General and administrative expenses	(2,823)	(2,148)	(2,714)	(7,685)
Gain on sale of assets	(30)	(2,585)	-	(2,615)
Depreciation and amortization	(1,272)	(140)	(8)	(1,420)
Operating profit/(loss)	1,358	(4,046)	(2,722)	(5,410)
Restructuring costs	(8)	7	(2,016)	(2,017)
Impairment of assets	-	-	-	-
Impairment of goodwill	-	-	-	-
Transaction costs	-	-	-	-
Finance expense – net	(1,354)	(221)	(1,664)	(3,239)
Loss before income tax	(4)	(4,260)	(6,402)	(10,666)
Income tax	(572)	15	-	(557)
Loss for the year	\$ (576)	\$ (4,245)	\$ (6,402)	\$ (11,223)

Year Ended March 31, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 31,807	\$ 1,840	\$ -	\$ 33,647
Costs of sales	(27,482)	(1,042)	-	(28,524)
Gross profit	4,325	798	-	5,123
General and administrative expenses	(2,173)	(6,468)	(4,173)	(12,814)
Gain on sale of assets	213	1,143	-	1,356
Depreciation and amortization	(1,233)	(19)	(8)	(1,260)
Operating profit/(loss)	1,132	(4,546)	(4,181)	(7,595)
Restructuring costs	(335)	(964)	(574)	(1,873)
Impairment of assets	-	(10,191)	-	(10,191)
Impairment of goodwill	-	(11,092)	-	(11,092)
Transaction costs	-	-	-	-
Finance expense – net	(1,283)	(400)	(1,703)	(3,386)
Loss before income tax	(486)	(27,193)	(6,458)	(34,137)
Income tax	(85)	6,291	52	6,258
Loss for the year	\$ (571)	\$ (20,902)	\$ (6,406)	\$ (27,879)

Year Ended March 31, 2017 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	\$ 5,614	\$ 26,636	\$ -	\$ 32,250
Costs of sales	(4,948)	(29)	-	(4,977)
Gross profit	666	26,607	-	27,273
General and administrative expenses	(598)	(4,544)	(4,174)	(9,316)
Gain on sale of assets	-	-	-	-
Depreciation and amortization	(646)	(4)	(1)	(651)
Operating (loss)/profit	(578)	22,059	(4,454)	17,306
Restructuring costs	-	-	-	-
Impairment of assets	-	-	-	-
Impairment of goodwill	-	-	-	-
Transaction costs	-	-	(5,800)	(5,800)
Finance expense – net	(363)	(174)	(50)	(587)
(Loss)/profit before income tax	(941)	21,885	(10,025)	10,919
Income tax	294	(6,078)	446	(5,338)
(Loss)/profit for the year	\$ (647)	\$ 15,807	\$ (9,579)	\$ 5,581

As the Company was formed on February 1, 2016, only administrative expenses of \$0.3 million were reported in the two-month period ended March 31, 2016 and relate entirely to the Corporate Office segment.

Overall revenue rose \$5.4 million year-over-year from 2018 to 2019. The revenue in the current year was largely generated from the Critical Power Services segment, which experienced strong volume growth combined with margin improvement, increasing the gross profit margin to 16.2% (2018: 15.2%). General and administrative expenses were actively managed down across the business, particularly in the Solar Development and Corporate segments.

As discussed in more detail below, a \$2.6 million loss on sale of solar assets arose in the current year, comprised of a \$1.9 million provision for onerous contracts related to future obligations to purchase SRECs from the NC Projects, discontinued solar development projects in the ISS Joint Venture (\$0.8 million), and a correction to the gain on the sale of Amaroo solar project reported in the prior year (\$0.3 million), offset by a gain on sale of the NC Projects (\$0.4 million).

As a result of the sale of VivoRex, LLC, on July 2, 2019 as disclosed in Note 29 to the financial statements, total onerous contract provisions of \$2.3 million, including the \$1.9 million referenced above, were reversed and taken into income as a gain on sale of assets subsequent to year-end.

Financing costs remained in line with the prior year at \$3.3 million, with \$0.2 million additional interest charges on drawdowns on the debtor finance facility in Critical Power Services being offset by savings in other finance costs.

As at March 31, 2019, the Group had net assets of \$26.8 million (2018: \$37.0 million, 2017: \$64.6 million), with intangible assets, including goodwill of \$32.4 million (2018: \$36.4 million, 2017: \$46.3 million) and investments of \$nil (2018: \$14.1 million, 2017: \$18.1 million).

As at March 31, 2019, the Group's current assets were \$29.8 million (2018: \$21.3 million, 2017: \$30.8 million), which was comprised of \$4.5 million (2018: \$1.9 million, 2017: \$11.0 million) of cash and cash equivalents, \$1.3 million restricted cash (2018: \$nil, 2017: \$nil), \$10.4 million (2018: \$7.9 million, 2017: \$19.8 million) of trade and other receivables, and \$13.5 million of assets held for sale related to the ISS Joint Venture (2018: \$11.4 million related to the NC Projects, 2017: nil). Current liabilities were \$20.8 million (2018: \$20.6 million, 2017: \$12.2 million), which resulted in a current asset-to-liability ratio of 1.43:1 (2018: 1.03:1, 2017: 2.53:1) at year-end.

Cash generated for the year was \$2.6 million (2018: cash used \$9.0 million, 2017: cash generated \$11.0 million), arising from cash used by operating activities of \$1.6 million (2018: cash generated \$8.9 million, 2017: cash generated \$6.3 million), cash generated by investing activities of \$11.9 million (2018: cash used \$16.6 million, 2017: cash used \$26.7 million), and cash used in financing activities of \$7.6 million (2018: \$1.3 million; 2017: cash generated \$31.4 million). At March 31, 2019, the Group had unrestricted cash reserves of \$4.5 million (2018: \$1.9 million, 2017: \$11.0 million) and debt of \$19.3 million (2018: \$22.3 million, 2017: \$20.3 million), giving a net debt position of \$14.7 million (2018: \$20.4 million, 2017: \$9.3 million).

Investing activities in the current year included \$11.8 million proceeds on sale of the NC Projects and \$0.5 million proceeds on sale of property, plant and equipment, principally Juice Capital solar assets in Australia. Offsetting these inflows were outflows from purchase of \$0.2 million of operating assets in Critical Power Services businesses, \$0.1 million investment in solar projects in Australia, and a further \$0.2 million investment in the ISS Joint Venture, reducing the previously recorded \$1.3 million current liability in trade and other payables to \$1.1 million.

Cash used by financing activities for the year ended March 31, 2019, was \$7.6 million. This cash outflow for the current year was primarily due to financing expense of \$3.2 million, a \$1.5 million repayment of shareholder loans from AWN, \$2.0 million repayment of the DEPCOM Loan, \$1.3 million funding transfers to restricted cash accounts, and \$0.3 million repayment of finance leases for motor vehicles within the Critical Power Services businesses. Financing activities for the year also included advance of \$4.0 million from the purchaser of the NC Projects in the form of a loan pending satisfaction of conditions precedent to the final sale of the projects, at which time the \$4.0 million previously advanced was repaid by deduction from the final proceeds.

Revenue

Revenue for the year ended March 31, 2019, increased \$5.4 million to \$39.0 million, from \$33.6 million in the prior year and \$32.2 million in the year ended March 31, 2017.

Revenue by product and service is as follows:

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Electrical products and related services	\$ 37,800	\$ 31,631	\$ 5,615
Development fees	-	828	24,555
Other revenue	1,236	1,188	2,080
Total revenue	\$ 39,036	\$ 33,647	\$ 32,250

The sale of electrical products and related services is generated from our Australia-based Critical Power Services businesses, JA Martin and Kenshaw, and is focused on the design, supply, installation and maintenance of power and control systems. Revenue generated in these operations is recognized in two ways. On smaller projects, revenue is recognized when the project is completed and is invoiced at that time. On larger projects, revenue is recognized on the achievement of specific milestones defined in each individual project. When the milestones are reached, the customer is invoiced, and the revenue is then recognized. The revenue reported for Critical Power Services for the years ended March 31, 2019 and 2018, represent twelve months of operation, whereas for the year ended March 31, 2017, it represents only three months of operation as the business was acquired on December 29, 2016.

Development fee revenue for the year ended March 31, 2018 of \$0.8 million was earned on the final stage of completion of the second of the two NC Projects. \$24.6 million was recognized in the year ended March 31, 2017 in relation to the same projects. No development fee revenue was earned in the current year as the ISS project portfolio are still being marketed for sale and none of the portfolio was sold in the current year.

Other revenue for the year ended March 31, 2019 includes \$0.3 million from the sale of SRECs purchased from the NC Projects, \$0.8 million earnings distribution related to the equity investment in the NC Projects carried at cost, prior to their sale in July 2018, and \$0.1 million income from Australian solar projects.

The Company has a ten-year contract with the NC Projects to purchase all of the SRECs produced by the projects over that time period. SRECs are a form of renewable energy certificate or "green tag" existing in the U.S. SRECs exist in states, like North Carolina, that have Renewable Portfolio Standard ("RPS") legislation with specific requirements for electricity suppliers to secure a portion of their power from solar generators. Under the SREC program, one SREC is created for every megawatt-hour of solar power generated and is sold separately from the power and represents the "solar" aspect of the electricity that was produced. All of the SRECs purchased by the Company from the NC-47 project are sold to one commercial customer under a five-year contract, which generated \$0.3 million of the revenue reported, and the SRECs purchased from NC-31 project are sold at a lower price through the wholesale market to businesses looking to meet their solar RPS requirement or otherwise meet energy sustainability targets, which generated \$0.1 million of the revenue reported.

Other revenue for the year ended March 31, 2018 includes \$0.4 million from the sale of SRECs purchased from the NC Projects, \$0.3 million earnings distribution related to the equity investment in the NC Projects carried at cost, asset management fees of \$0.2 million earned from provision of management services to the NC projects, \$0.1 million power generation income from Australian solar projects and \$0.2 million of miscellaneous other revenue in Aevitas.

Other revenue for the year ended March 31, 2017 was comprised of a \$1.6 million from a global preferred supplier agreement, \$0.4 million earnings distribution related to the equity investment in the NC Projects carried at cost, and \$0.1 million power generation income from Australian solar projects.

Revenue by geographic location is as follows:

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Australia	\$ 37,889	\$ 31,985	\$ 5,705
United States	1,147	1,662	24,945
United Kingdom	-	-	1,600
Total revenue	\$ 39,036	\$ 33,647	\$ 32,250

Australian revenue of \$37.9 million for the year ended March 31, 2019, is comprised of \$37.8 million revenue from critical power services provided by Kenshaw and JA Martin and \$0.1 million of power generation income from Australian solar projects. This compares to \$32.0 million in the prior year, comprising \$31.7 million of revenue from Critical Power Services, \$0.2 million of miscellaneous other revenue earned by Critical Power Services, and \$0.1 million of power generation income from Australian solar projects. This also compares to total Australian revenue of \$5.7 million in the year ended March 31, 2017, comprised of \$5.6 million of power service revenue provided by J.A. Martin and Kenshaw in the three months of operation following acquisition on December 29, 2016, and \$0.1 million of power generation income from Australian solar projects.

The growth in Critical Power Services revenue in the current year is driven by the significant growth in larger scale projects such as data centers. The variance between 2018 and 2017 is primarily due to the fact that the 2017 results reflected only three months results of operations.

U.S. revenue of \$1.1 million for the year ended March 31, 2019, is all composed of other revenue, and includes \$0.8 million distribution of earnings from the NC Projects and \$0.3 million from the sale of SREC's. This compares to U.S. revenue of \$1.7 million for the year ended March 31, 2018, which includes \$0.8 million of solar development fees and \$0.9 million of other revenue from the sale of SREC's (\$0.4 million), distribution of earnings from the NC Projects (\$0.3 million), and provision of management services to the NC Projects (\$0.2 million). This also compares to total U.S. revenue of \$24.9 million in the year ended March 31, 2017, which was comprised of \$24.6 million of solar development fees on the NC Projects and \$0.3 million distribution of earnings from the NC Projects. The differences in 2019 and 2018 compared to 2017 were largely due to no solar development projects achieving an advanced stage of development during the years ended March 31, 2018 and 2019, and accordingly not contributing to revenue during these years.

Revenue in the United Kingdom for the year ended March 31, 2017, was earned from a one-time global preferred supplier arrangement with one supplier that was recognized as revenue when the legal obligation to pay had been satisfied.

In the year ended March 31, 2019, 32% of revenue was earned from one Critical Power Services customer in Australia. No more than 10% of revenue was earned from any one customer in the year ended March 31, 2018. In the year ended March 31, 2017, 40.3% of revenue was earned from one customer and 35.8% of revenue was earned from a second customer, both solar development revenue from the NC Projects.

Cost of Sales

Cost of sales totaled \$32.7 million for the year ended March 31, 2019, and by product or service is as follows:

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Electrical products and related services	\$ 32,317	\$ 27,482	\$ 4,948
Development fees	-	-	-
Other revenue	409	1,042	29
Total cost of sales	\$ 32,726	\$ 28,524	\$ 4,977

Cost of sales related to electrical products and related services of \$32.3 million consists of material purchases and direct labor costs, motor vehicle expenses and any directly related costs attributable to manufacturing, service, or other cost of sales.

The cost of sales related to other revenue of \$0.4 million for the year ended March 31, 2019, and \$1.0 million, for the year ended March 31, 2018, is comprised of the cost of SREC purchases from the NC Projects.

As noted above, the Company has a ten-year commitment to purchase SRECs from the NC Projects. The cost of sale for the year ended March 31, 2018 for SREC purchases is comprised two components: (i) \$0.6 million related to SRECs purchased from NC Projects for the year ended March 31, 2018, \$0.4 million from NC-47 and \$0.2 million from NC-31; and, (ii) \$0.4m one-time onerous contract provision, which recognizes a contract to sell the SRECs on NC-47 at a loss until April 21, 2022. The \$0.4 million cost of sale for the year ended March 31, 2019 related only to SRECs purchased from NC Projects in the year. As noted below, an additional onerous contract provision for \$1.9 million was recorded in the current year, which recognized commitments to buy both NC-31 and NC-47 project SRECs until 30 January and 22 April 2027 respectively at prices above current estimated SREC sale price. This provision has been recorded against the gain on sale of NC Projects in the current year, not against cost of sales.

There are no costs of sales associated with the development fees earned in the years ended March 31, 2017 and 2018. These development services were provided by salaried management and employees of the Company, whose costs for the year were fully expensed in general and administrative expenses and not specifically in cost of sales. As the role and function of these employees are multi-faceted and included responsibilities across a number of projects, business development activities, general management, and administrative functions, we did not distinguish between those costs which specifically relate to the performance obligations under the solar development contract and those related to other general and administrative costs.

Cost of sales of other revenue for the year ended March 31, 2017 is related to the 0.3 million related to the \$0.1 million power generation revenue from Australian solar projects. The other revenue for the year ended March 31, 2017, comprised of a \$1.6 million from a global preferred supplier agreement and \$0.4 million earnings distribution related to the equity investment in the NC Projects, had no associated cost of revenue.

Gross Profit

The Company's gross profit is equal to revenue less cost of sales and totaled \$6.3 million (2018: \$5.5 million; 2017: \$27.3 million) for the year ended March 31, 2019. Gross profit by product and service is as follows:

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Electrical products and related services	\$ 5,483	\$ 4,149	\$ 667
Development fees	-	828	24,555
Other revenue	827	146	2,051
Total gross profit	\$ 6,310	\$ 5,123	\$ 27,273

As noted above, there were no costs of sales associated with the development fees and therefore the gross margin is equal to the revenue from these activities.

The gross profit from electrical products and related services (the Critical Power Services business) was \$5.5 million, which represents a gross margin of 14.5%. This compares to gross profit of \$4.1 million for the year ended March 31, 2018, which represented a gross margin percentage of 13.1%, and a gross profit of \$0.7 million for the year ended March 31, 2017, which represented a gross margin percentage of 11.9%. The margin improvement is due to effective cost management and increasing market demand allowing for selective price increases.

The gross profit from other revenue for the year ended March 31, 2019 is comprised of \$0.8 million earnings distribution related to the equity investment in the NC Projects prior to sale in July 2018, \$0.1 million power generation income from Australian solar projects, offset by a loss on the sale of SRECs of \$0.1 million.

The SRECs purchased from NC-31 are being sold in the wholesale market and incurred a loss on sale of \$0.1 million in the current year. The realized losses have made it apparent that the Company it is unlikely for future SRECs purchases to be sold at or above cost. Accordingly, a \$1.9 million onerous contract provision has been recorded in the year ended March 31, 2019. This provision is recorded in gain/loss on sale of assets, as described below. The SRECs purchased from NC-47 that are sold to a commercial customer under a five-year contract are sold at a cash loss of \$0.1 million per year. An onerous contract provision for the remaining four years of the contract, totaling \$0.4 million, was recognized in the prior year. Unwinding of the provision in the current year has offset cash losses on released sales of NC-47 SREC's, resulting in nil impact on gross profit.

Gross profit from other revenue of \$0.7 million for the year ended March 31, 2018, was related to \$0.3 million earnings distribution related to the equity investment in the NC Projects, asset management fees of \$0.2 million earned from provision of management services to the NC Projects, and \$0.2 million of miscellaneous other revenue in Critical Power Services.

Gross profit from other revenue for the year ended March 31, 2017, related to the \$1.6 million from a global preferred supplier agreement, \$0.4 million earnings distribution related to the equity investment in the NC Projects carried at cost, and \$0.1 million power generation income from Australian solar projects.

General and Administrative Expenses

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Salaries and benefits	\$ 5,008	\$ 6,422	\$ 4,973
Professional fees	1,068	4,155	2,847
Insurance	557	831	257
Travel	217	503	574
IT licensing and support	303	356	278
Office and other expenses	532	547	387
Total general and administrative expenses	\$ 7,685	\$ 12,814	\$ 9,316

Our general and administrative expenses decreased by \$5.2 million to \$7.7 million for the year ended March 31, 2019. This compared to \$12.8 million for the year ended March 31, 2018, and \$9.3 million for the year ended March 31, 2017. These expenses consist primarily of operational expenses, such as those related to employee salaries and benefits, professional fees, insurance, travel, IT, office and other expenses.

The reduction in these expenses primarily resulted from cost cutting measures undertaken in the Solar and Corporate business segments which generated \$3.2 million savings in salaries and benefits and professional fees. Also the Company made a \$1.6 million saving from non-recurrence of one-off of third-party consulting fees recharged to the Company by AWN in the prior year, related to our solar development business.

The general and administrative expenses for the year ended March 31, 2017, are not directly comparable, as Aevitas and VivoPower Australia were acquired on December 29, 2016, and accordingly only three months of operations for these were included in the results reported for the year ended March 31, 2017, compared to a full twelve months in the years ended March 31, 2018 and 2019.

Salaries and benefits are \$5.0 million (2018: \$6.4 million), or 65.2% (2018: 50.1%) of general and administrative expenses. Key management personnel account for \$2.7 million (2018: \$2.6 million) of the total salary and benefits expense. The reduction of \$1.4 million comprises a \$1.7 million reduction in the Solar segment, due to reduction in headcount in the U.S. and United Kingdom, partly offset by a \$0.3 million increase in the Critical Power Services segment, where headcount has increased to support the growing operations.

Professional fees of \$1.1 million (2018: \$4.2 million), or 13.9% (2018: 32.4%) of general and administrative expenses, are comprised of audit and accounting fees, consulting fees to support business development and legal fees. Professional fees in the Solar segment reduced by \$1.4 million, due to cost saving measures implemented. Professional fees also benefitted from the non-recurrence of \$1.6 million of third-party consulting fees recharged to the Company by AWN related to our solar development business in the year ended March 31, 2018. These services included international solar procurement consulting, project evaluations, engineering review and technical validation related to the EPC contract for NC-31, a solar project in North Carolina which was substantially completed on 27 March 2017. These costs by their nature were one-time and are not expected to recur in the future.

Insurance expense of \$0.6 million (2018: \$0.8 million) million reduced due to renegotiation of insurance policies and limit reductions of directors and officer's liability insurance on renewal.

Travel expenses reduced to \$0.2 million (2018: \$0.5 million), or 2.8% (2017: 6.2%) of general and administrative expenses, following implementation of a more stringent travel policy and reduction in Solar headcount.

IT licensing and support expenses represent the cost of accounting, operations, email and office, file storage, and security software products and licenses. Office and other expenses include office and meeting space rental, communication and marketing, bank fees and general office administrative costs. IT, office and other expenses reduced from \$0.9 million in the year ended March 31, 2018, to \$0.8 million in the current year, due to cost savings in the Solar Development segment.

(Loss)/Gain on Sale of Assets

The loss on sale of assets for the year-ended March 31, 2019, totaling \$2.6 million is comprised of a \$1.9 million provision for onerous contracts related to future obligations to purchase SRECs from the NC Projects, discontinued solar development projects in the ISS Joint Venture (\$0.8 million), and a correction to the gain on the sale of Amaro solar project reported in the prior year (\$0.3 million), offset by a gain on sale of the NC Projects (\$0.4 million).

On May 25, 2018, the Company sold its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. A gain on sale of \$0.4 million was realized after the impairment recognized in the prior year, however this was offset by recognition of a \$1.9 million provision for onerous contracts related to the future obligation to purchase SRECs from these two projects at a price in excess of current market value.

As a result of the sale of VivoRex, LLC, on July 2, 2019 as discussed in Note 29 to the financial statements, total onerous contract provisions of \$2.3 million, including the \$1.9 million referenced above, were reversed and taken into income as a gain on sale of assets subsequent to year-end.

During the year ended March 31, 2019, three projects within the ISS joint venture were abandoned as they became uneconomic to develop further.

The total gain on sale of assets for the year ended March 31, 2018 of \$1.3 million arose in the Solar Development segment of the business from the sale of the Amaroo solar project in Australia (\$1.1 million gain) and the disposal of property and equipment assets by the Aevitas business (\$0.2 million gain).

The Amaroo solar project in Australia was sold to ReNu Energy on February 9, 2018, under the terms of the Alliance Agreement. Pursuant to the Alliance Agreement, ReNu Energy has a right of first offer to acquire any solar projects originated by VivoPower in Australia below 5 MW in size. The purchase price for the Amaroo assets was \$1.9 million, which were recorded as plant and equipment with a net book value at the time of sale of \$0.9 million. In addition, ReNu Energy paid a \$0.1 million establishment fee, which was a one-time fee payable to VivoPower on the first transaction completed under the Alliance Agreement. The proceeds from the sale (which totaled \$2.0 million) were applied to repay a corresponding bank loan of VivoPower's from ANZ Bank that had an outstanding balance of principal and interest on the transaction date of \$1.0 million.

The gain of \$0.2 million reflected in the Critical Power Services segment of the business, relates to a gain on sale of assets within the Critical Power Services business comprised of numerous small sales of surplus vehicles as part of on-going fleet upgrade and renewal and sale of scrap materials.

Depreciation

Depreciation is charged on property plant and equipment on a straight-line basis and is charged in the month of addition. We depreciate the following class of assets at differing rates dependent on their estimated useful lives. The net book value of assets held as of March 31, 2019, was \$1.2 million (2018: \$1.9 million, 2017: \$2.2 million).

Tangible asset	Estimated useful life (in years)
Computer equipment	3
Fixtures and fittings	3
Motor vehicles	5
Plant and equipment	3.5 to 10
Leasehold improvements	20 to 40

Amortization

Amortization costs relate to the amortization of intangible assets generated on the acquisition of VivoPower Australia and Aevitas as part of the Business Combination. The intangible assets identified in the acquisition of Aevitas and VivoPower Australia and their estimated useful life is provided in the table below:

Identifiable intangible asset	Estimated useful life (in years)
Customer relationships	10
Trade names	15 - 25
Favorable supply contracts	15
Databases	5

Under IFRS, intangible assets and goodwill are subject to an annual impairment review. No impairment charge was recorded for the year following the impairment review as of March 31, 2019. following the impairment review as of March 31, 2019, a goodwill impairment charge of \$11.1 million was recorded for the year ended March 31, 2018, as further discussed below in this section under "Impairment of Goodwill."

An impairment review tests the recoverable amount of the cash-generating unit which gave rise to the intangible asset or goodwill in order to determine the existence or extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows. All impairment losses are recognized in the Statement of Comprehensive Income.

Restructuring Costs

Restructuring costs by nature are one-time incurrences, and therefore, we believe have no bearing on the financial performance of our business. To enable comparability in future periods, the costs are disclosed separately on the face of our Statement of Comprehensive Income.

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
Corporate restructuring – workforce reduction	\$ 102	\$ 734	\$ -
Corporate restructuring – professional fees	1,776	566	-
Corporate restructuring – terminated projects	139	573	-
Total restructuring costs	\$ 2,017	\$ 1,873	\$ -

During the year ended March 31, 2019, the Company incurred further costs related to the restructuring measures commenced in the prior year, as outlined below.

During the year ended March 31, 2018, the Company undertook a strategic restructuring of our business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity that we believe have the most potential for to generate profitability and return. Associated with this restructuring was the departure of a number of employees and contractors from our business. The workforce reduction cost represents the total salary, benefit, severance, and contract costs paid in the year or accruing to these individuals in the future for which no services will be rendered to the Company. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations, including the Comberg Claims (see "Item 8. Financial Information – A. Consolidated Statements and Other Financial Information - *Legal Proceedings*"). Terminated projects are the costs incurred for business development of specific solar development projects in South America and Australia for which the decision was made not to proceed for economic reasons.

Impairment of Assets

No asset impairments were recorded in the current year. Subsequent to March 31, 2018 year-end, the Company entered into an agreement to sell its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. At March 31, 2018, the Company's investment in the NC Projects totaled \$21.6 million and accordingly, an impairment of \$10.2 million was recorded in the year ended March 31, 2018, and the remaining net realizable value of \$11.4 million reclassified to current assets as an asset held for sale.

Impairment of Goodwill

No impairments of goodwill were recorded in the year ended March 31, 2019. An impairment charge of \$10.5 million was recorded in the year ended March 31, 2018, against the goodwill that arose on the acquisition of VivoPower Australia in the previous year. In addition, an impairment charge of \$0.6 million was recorded in the year ended March 31, 2018 on the first-time consolidation of three Philippine-based controlled entities.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The recoverable amount of the cash-generating unit ("CGU") to which the goodwill relates is tested annually for impairment or when events or changes to circumstances indicate that it might be impaired. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows.

VivoPower Australia is a separate CGU for which goodwill was tested for impairment as at March 31, 2019 and 2018. The recoverable amount at March 31, 2018 was determined based on the present value of estimated future cash flows discounted at 12.1% for cash flows budgeted for the year ended March 31, 2019 and 15.1% for forecast cash flows thereafter. The Company's strategic shift in Australia to the development of medium-to-large scale behind-the-meter and utility-scale solar PV projects, away from our previous strategy of acquiring small developed roof-mounted solar projects from third-party developers to sell to long term owners, while expected to be more profitable in the longer-term, presents a higher degree of execution risk in the short-term as suitable opportunities need to be identified, secured and developed. In addition, the Company's cost of capital and expected return from such projects has increased as limited capital is prioritized to the best opportunities.

VivoPower Singapore Pte Ltd, a wholly-owned subsidiary, has control over three Philippines-based subsidiaries, V.V.P. Holdings Inc., VivoPower Philippines Inc., and VivoPower RE Solutions Inc. These entities have not been previously consolidated on the basis of materiality. As the activity within these entities has continued to increase, it was deemed appropriate to consolidate them with effect from April 1, 2018. Upon initial consolidation, the Group recognized negative net assets of \$0.6 million which resulted in a corresponding amount of goodwill on acquisition. This goodwill was immediately deemed impaired and the impact of the provision is included in the Consolidated Statement of Comprehensive Income for the year ended March 31, 2018

Finance Expense

Finance expense consists primarily of interest expense associated with the interest payable on our outstanding loan with AWN and the Aevitas convertible preference share and loan notes reflected as equity instruments in our accounts. During the year, the Company established debtor finance facilities in the Critical Power Services segment, incurring \$0.2 million interest charges. During the year ended March 31, 2018, the Company borrowed \$2.0 million (the "DEPCOM Loan") from SolarTide, LLC, an affiliate of DEPCOM Power, an engineering, procurement, and construction firm who delivered engineering, procurement, and related services for the NC Projects. The components of finance expense are as follows:

(US dollars in thousands)	For the Year Ended March 31,		
	2019	2018	2017
AWN loan	\$ 1,588	\$ 1,636	\$ 171
Convertible preference shares and loan notes	1,284	1,220	358
DEPCOM loan	206	217	-
Debtor invoice financing cost payable	164	-	-
Motor vehicle finance leases	1	55	6
Bank loan on Amaroo solar project sold during the year	-	17	5
Other finance costs	-	156	58
Foreign exchange	-	94	2
Total finance expenses	\$ 3,243	\$ 3,395	\$ 600

Foreign exchange expense consists primarily of foreign exchange fluctuations related to short-term intercompany accounts and foreign currency exchange gains and losses related to transactions denominated in currencies other than the functional currency for each of our subsidiaries. We expect our foreign currency exchange gains and losses to continue to fluctuate in the future as foreign currency exchange rates change. We expect our exposure to currency fluctuations to be minimal and immaterial, and as such, have not entered into any hedging contracts.

Income Tax Expense

We are subject to income tax for the year ended March 31, 2019 at rates of 19%, 22.6%, and 30% in the United Kingdom, the U.S., and Australia, respectively, and we use estimates in determining our provision for income taxes. We account for income taxes in accordance with IFRS 12, using an asset and liability approach that requires recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, and for net operating loss and tax credit carry forwards.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. At March 31, 2019, 2018 and 2017, we did not have any uncertain tax positions that would impact our net tax provision.

Key Factors Affecting Our Performance

We believe that the growth of our business and our future success are dependent upon a number of key factors, including the following:

Market demand for solar power. Our business and revenues depend on the demand from investors and offtakers for solar power. The market demand for solar power is heavily influenced by a range of factors that include the relative costs of alternative sources of power, the cost of equipment and construction, transmission and distribution resources, governmental economic, fiscal, and political policies at both the federal and state levels in both the United States and Australia, as well as global economic and political factors affecting the cost, availability, and desirability of other energy sources. See "Item 3.C. Risk Factors" and "Item 4.B. Business Overview".

Ability to secure capital at attractive rates and terms. Development, construction and sale of energy projects requires substantial amounts of capital of different forms, including various types of debt and equity financing. To develop and generate revenue from our projects, including our ISS Joint Venture, it is necessary for us to have the ability to secure capital at attractive rates and terms and in amounts that are sufficient for us to complete development and sale of these projects.

Costs of equipment and construction for solar projects. Equipment and construction costs are a significant driver of whether a given project opportunity is attractive for us and prospective investors and offtakers. In recent decades, the installed cost of large solar projects in particular has declined by a substantial amount, increasing the competitiveness of solar energy versus alternative energy sources such as fossil fuels.

Power purchase agreements and other contracted revenue agreements. We seek investments in projects that are supported by long term power purchase agreements with credit worthy counterparties, pursuant to which the price for the sale of electricity is highly certain. We believe that long-term investors prefer projects with such characteristics and will consider such projects to be more valuable. However, it is not certain that a sufficient number of projects with such PPAs will exist, as the market could be affected by, among other things, the presence or absence of governmental incentives or mandates, prevailing market prices, and the availability of other energy sources. Power prices in the markets in which we conduct business can be volatile, and the willingness of credit-worthy counterparties to commit to purchase power from our projects may not be sufficient to support our profit expectations.

Policy incentives for renewable energy assets. U.S. and Australian federal, state and local governments have established numerous incentives and financial mechanisms, including tax incentives, to reduce the cost of renewable energy and spur the development of energy from renewable, non-carbon-based, sources. Some of the major tax incentives applied in our projects are, among others, ITC and accelerated depreciation under the MACRS. Some of the other major incentives which benefit our projects include SRECs, LGCs, net metering statutes and feed-in tariff schemes. Appetite for tax incentives on the part of investors in solar projects can be subject to change, particularly as a result of decreases in corporate tax rates such as those enacted in the United States recently, or other changes in tax frameworks.

Currency Fluctuations. We conduct business in the U.S., Australia and the United Kingdom. As a result, we are exposed to risks associated with fluctuations in currency exchange rates, particularly between the U.S. dollar, the British Pound and the Australian dollar.

B. Liquidity and Capital Resources

Our principal sources of liquidity in the three months ended June 30, 2019 have been cash generated by our operating activities in the Critical Power Services segment, an \$0.8 million additional short-term shareholder loan, and \$0.1 million increase in debtor finance borrowings. Our principal uses of cash have been financing costs of \$0.8 million, capital expenditure in the Critical Power Services segment of \$0.4 million and working capital and general corporate purposes. The timing of our development activities, including the timing of investments, capital deployments and sales of assets, can vary substantially and therefore have a substantial effect on our cash position and liquidity.

Our principal sources of liquidity in the year ended March 31, 2019 were cash generated by our operating activities in the Critical Power Services segment and \$11.8 million proceeds from the sale of NC-31 and NC-47 projects. Our principal uses of cash were repayment of the \$2.0 million DEPCOM loan, financing costs of \$3.2 million, \$1.5 million repayment of shareholder loans, working capital and general corporate purposes.

Our principal sources of liquidity in the year ended March 31, 2018 were cash generated by our operating activities (which consisted principally of the collection of development fee revenue earned in the prior year) and the \$2.0 million DEPCOM loan. Our principal uses of cash were for investment in the ISS Joint Venture, business development, working capital and general corporate purposes.

The following table shows net cash provided by (used in) operating activities, net cash used in investing activities, and net cash provided by (used in) financing activities for the three months ended June 30, 2019 and the years ended March 31, 2019, 2018 and 2017:

(US dollars in thousands)	Three Months Ended June 30		Year Ended March 31	
	2019	2019	2018	2017
Net cash provided by (used in) operating activities	\$ 2,188	\$ (1,565)	\$ 8,897	\$ 6,376
Net cash used in investing activities	(316)	11,856	(16,618)	(26,736)
Net cash provided by financing activities	\$ 744	(7,635)	(1,310)	31,302

Operating Activities

Our net cash inflow from operating activities in the three months ended June 30, 2019, was \$2.2 million. This was attributable to a net inflow from working capital movements of \$2.0 million and a net cash inflow from operations of \$0.2 million. The working capital movements of \$2.0 million comprised an increase in trade and other payables of \$6.7 million, offset by an increase of trade and other receivables of \$4.6 million and reduction in provisions of \$0.1 million. The \$0.2 million inflow from operations consists of the \$1.4 million loss and other non-cash and non-operating components of earnings including \$0.8 million of finance expense, \$0.4 million depreciation and amortization, and \$0.4 million increase in equity instruments.

Our net cash outflow from operating activities in the year ended March 31, 2019, was \$1.6 million. This was attributable to a net inflow of \$0.5 million from working capital movements, offset by the net cash used by operations of \$2.1 million. The working capital movements of \$0.5 million comprised an increase in trade and other payables of \$3.8 million, offset by an increase of trade and other receivables of \$2.5 million and reduction in provisions of \$0.7 million. The \$2.1 million used by operations consists of the \$11.2 million loss, reduced by \$0.9 million non-cash income tax expense, \$2.6 million loss on sale of assets, and other non-cash and non-operating components of earnings including \$3.2 million of finance expense, \$1.4 million depreciation and amortization, and \$0.8 million increase in equity instruments.

Our net cash generated from operating activities in the year ended March 31, 2018, was \$8.9 million. This net cash inflow was primarily attributable to collection of trade and other receivables of \$11.5 million and an increase in trade and other payables and provisions of \$7.0 million, offset by the net cash used by operations of \$9.6 million. This \$9.6 million used by operations consisted of the \$27.9 million loss, increased by \$6.3 million non-cash income tax expense and \$1.4 gain on sale of assets, and reduced by other non-cash and non-operating components of earnings including \$10.2 million impairment of assets, \$11.1 million impairment of goodwill, \$3.4 million of finance expense, and \$1.3 million depreciation and amortization.

In the year ended March 31, 2017, \$6.3 million of cash was generated from operating activities. This net cash inflow was generated from the profit for the year of \$5.6 million, increased by \$5.3 million non-cash income tax expense, \$5.8 million non-operating exceptional and non-recurring costs, and \$10.0 million increase in trade and other payables and provisions, and reduced by \$21.0 million increase in trade and other receivables and \$0.7 million of depreciation and amortization expense.

Investing Activities

In the three months ended June 30, 2019, net cash used in investing activities of \$0.3 million comprised \$0.4 million capital expenditure in the Critical Power Services businesses, offset by \$0.1 million proceeds on sale of solar projects in the Sun Connect portfolio in Australia.

Net cash generated by investing activities in the year ended March 31, 2019 of \$11.9 million (2018: used \$16.7 million, 2017: used \$26.7 million) consisted of \$12.0 million (2018: nil, 2017: nil) proceeds on sale of the NC Projects, a \$0.2 (2018: \$14.1, 2017: nil) million investment in the ISS Joint Venture, \$nil (2018: \$3.5 million, 2017: \$18.1 million) investment in the NC Projects, purchase of \$0.2 million (2018: \$0.6 million, 2017: \$0.1 million) of operating assets in the Critical Power Services businesses, \$0.1 million (2018: \$0.8 million, 2017: nil) investment in solar projects in Australia, offset by \$0.5 million (2018: \$2.3 million, 2017: nil) proceeds on sale of assets, principally the sale of the Juice Capital solar project assets in Australia (2018: Amaroo solar project in Australia).

Under the terms of the ISS Joint Venture, the Company has committed to invest \$14.2 million in the ISS Joint Venture for its 50% equity interest, after reducing the commitment by \$0.8 million in potential brokerage commissions that have not been required and which have been credited towards the Company's commitment. The \$14.2 million commitment is allocated to each of the 38 projects based on monthly capital contributions determined with reference to completion of specific project development milestones under an approved development budget for the ISS Joint Venture. Over the course of the three months ended June 30, 2019, the Company contributed nil (year ended March 31, 2019: \$0.2 million; year ended March 31, 2018: \$12.9 million) to the ISS Joint Venture. To June 30, 2019, the Company has contributed \$13.1 million of the \$14.2 million commitment to the ISS Joint Venture, leaving a remaining capital commitment at Jun 30, 2019, of \$1.1 million, which is recorded in trade and other payables.

During the year ended March 31, 2018, a final \$3.6 million was paid to complete the funding of the NC Projects, one of which was fully operational as of March 31, 2017, and the second was fully operational in May 2017.

There was no acquisition activity in the years ended March 31, 2018 and 2019. In the year ended March 31, 2017, we consummated two acquisitions for a total \$10.1 million, or \$8.6 million net of cash acquired. These acquisitions were the Aevitas Group of Companies for cash consideration of \$9.5 million, or \$8.2 million net of cash acquired, and VivoPower Pty Limited for cash consideration of \$0.6 million, or \$0.3 million net of cash acquired.

The companies acquired in the year ended March 31, 2017 and added to the Group were as follows:

Aevitas Group of Companies

	Incorporated	% Owned	Purpose
Aevitas O Holdings Pty Limited	Australia	100%	Holding company
Aevitas Group Limited	Australia	99.9%	Holding company
Aevitas Holdings Pty Limited	Australia	100%	Holding company
Electrical Engineering Group Pty Limited	Australia	100%	Holding company
JA Martin Electrical Limited	Australia	100%	Operating company
Kenshaw Electrical Pty Limited	Australia	100%	Operating company

VivoPower Pty Limited

	Incorporated	% Owned	Purpose
VivoPower Pty Limited	Australia	100%	Operating company
VivoPower WA Pty Limited	Australia	100%	Operating company
VVP Project 1 Pty Limited	Australia	100%	Holding company
VVP Project 2 Pty Limited	Australia	100%	Dormant
Amaroo Solar Tco Pty Limited	Australia	100%	Holding company
Amaroo Solar Hco Pty Limited	Australia	100%	Holding company
Amaroo Solar Fco Pty Limited	Australia	100%	Holding company
Amaroo Solar Pty Limited	Australia	100%	Operating company
SC Tco Pty Limited	Australia	100%	Holding company
SC Hco Pty Limited	Australia	100%	Holding company
SC Fco Pty Limited	Australia	100%	Holding company
SC Oco Pty Limited	Australia	100%	Operating company
ACN 613885224 Pty Limited	Australia	100%	Dormant
VivoPower Singapore Pte Limited	Singapore	100%	Operating company
V.V.P. Holdings Inc.	Philippines	40%	Holding company
VivoPower Philippines Inc.	Philippines	64%	Operating company
VivoPower RE Solutions Inc.	Philippines	64%	Operating company

Financing Activities

Cash generated from financing activities for the three months ended June 30, 2019, was \$0.7 million. This cash inflow comprised an \$0.8 million short-term shareholder loan from AWN, \$0.2 million additional borrowings against the debtor finance facility in Critical Power Services businesses, and \$0.7 million release of restricted cash, primarily \$0.5 million released from escrow and paid to SolarTide, LLC, as discussed in Note 16 to the consolidated financial statements. The cash inflows were partly offset by \$0.1 million lease repayments in Critical Power Services businesses and \$0.8 million finance expenses.

Cash used by financing activities for the year ended March 31, 2019, was \$7.6 million. This cash outflow for the current year was primarily due to financing expense of \$3.2 million, a \$1.5 million repayment of shareholder loans from AWN, \$2.0 million repayment of the DEPCOM Loan, \$1.3 million funding transfers to restricted cash accounts, and a net \$0.3 million of additional finance leases for motor vehicles within the Critical Power Services businesses. Financing activities for the year also included advance of \$4.0 million from the purchaser of the NC Projects in the form of a loan pending satisfaction of conditions precedent to the final sale of the projects, at which time the \$4.0 million previously advanced was repaid by deduction from the final proceeds.

Cash used by financing activities for the year ended March 31, 2018, was \$1.3 million. This cash outflow was primarily due to financing expense of \$3.4 million and a \$1.0 million bank loan repayment on the sale of the Amaroo solar project in Australia, offset by \$2.0 million proceeds on the DEPCOM Loan and a \$0.8 million short-term loan from AWN, and a net \$0.3 million of additional finance leases for motor vehicles within the Critical Power Services businesses.

Cash generated from financing activities for the year ended March 31, 2017 was \$31.4 million. This cash inflow was primarily due to proceeds from shareholder borrowings of \$20.0 million, proceeds from the Business Combination of \$22.6 million in December 2016, and proceeds from other borrowings of \$0.3 million. This cash inflow was offset by the costs of the Business Combination of \$11.5 million.

Borrowing obligations outstanding at the end of the period were as follows:

(US dollars in thousands)	Three Months Ended June 30	Year Ended March 31		
	2019	2019	2018	2017
Current liabilities:				
Debtor financing	901	751	-	
Lease liabilities	660	136	285	145
SolarTide, LLC loan	-	-	2,000	-
Short-term shareholder loan	766	-	770	-
Shareholder loan – payments due next 12 months	-	-	900	-
Bank loan on Amaroo solar project	-	-	-	90
	2,327	887	3,955	235
Non-current liabilities:				
Shareholder loan – payments due beyond 12 months	18,242	18,242	18,092	18,992
Lease liabilities	1,117	138	293	95
Bank loan on Amaroo solar project	-	-	-	933
	19,359	18,380	18,385	20,020
Total borrowing	\$ 21,686	\$ 19,267	\$ 22,340	\$ 20,255

In August 2018, the Company secured a \$3.6 million (AU\$5 million) debtor finance facility to support the growing working capital requirements of its Critical Power Services businesses. The facility is secured by a fixed charge over the debtors' book and floating charge over all other assets of J.A. Martin and Kenshaw. Net drawdowns on the facility at June 30, 2019 totaled \$0.9 million.

J.A. Martin and Kenshaw have lease arrangements in place to finance business properties and motor vehicle fleets. During the three months ended June 30, 2019, \$0.1 million of new leases were added and \$0.3 million of payments were made. The obligation for future minimum lease payments under the facility are as follow:

(US dollars in thousands)	Minimum lease payments:			Present value of minimum lease payments:		
	As at June 30,	As at 31 March		As at June 30,	As at 31 March	
	2019	2019	2018	2019	2019	2018
Amounts payable under leases:						
Less than one year	692	147	291	660	136	285
Later than one year but not more than five	1,299	143	327	1,117	138	293
	1,991	290	618	1,777	274	578
Future finance charges	(214)	(16)	(40)	-	-	-
Total obligations under finance lease	1,777	274	578	1,777	274	578

The SolarTide, LLC loan was made in January 2018 and was subject to a loan fee of \$0.3 million, as well as interest of 12% per annum, and was repaid in May 2018.

The short-term shareholder loan of \$0.8 million is due from Arowana International Limited, the Company's majority shareholder, bears interest at 10.0% per annum paid monthly in arrears, and is unsecured. Repayment is due as restricted cash held for bank guarantee security is released, as further described in Note 16. The \$0.8 million short-term shareholder loan in March 2018 bore interest at 8.5% per annum and was repaid in April 2018.

The non-current \$18.2 million shareholder loan is due to Arowana International Limited, bears interest at 8.5% per annum paid monthly in advance, and is unsecured. The repayment terms require no repayment of principal payments until July 2020, and then repayable in 21 equal monthly instalments. Terms of the loan require that 50% of the net proceeds from sale of more than \$10 million of the ISS Joint Venture or any Critical Power Services business also be directed to loan repayment. Under previous terms of the loan, a total of \$750,000 of the loan balance was repaid in the year ended March 31, 2019.

The \$0.9 million ANZ Bank loan which was secured by the Amaroo project assets was repaid in February 2018 on sale of the Amaroo solar project. The loan was denominated in AUD and was repayable over an 11.5 year period at a monthly repayment amount of approximately \$7,500 (or AU\$ 9,783) per month for 138 months.

Cash Reserves and Liquidity

Cash reserves at June 30, 2019, of \$7.1 million are unrestricted and are domiciled as follows:

	Local currency	Amount in USD
AUD	9.5 million	\$6.6 million
USD	0.5 million	\$0.5 million
GBP	0.01 million	\$0.01 million
Total cash reserves		\$7.1 million

Our treasury policy is to maintain sufficient cash reserves denominated in the currencies required for near term working capital to minimize the risk of currency fluctuation. Cash reserves are monitored on a daily basis to maximize capital efficiency. Our cash position is reviewed weekly by upper management to ensure the allocation best meets the coming needs of the business.

The Solar Development business is reliant for liquidity on sale of specific projects from the ISS Joint Venture. As sale of projects or groups of projects are dependent on negotiations with parties interested in buying projects from the portfolio, delays in the sale process could adversely affect our liquidity.

We review our forecasted cash flows on an on-going basis to ensure that we will have sufficient capital from a combination of internally generated cash flows and proceeds from financing activities, if required, in order to fund our working capital and capital expenditure requirements and to meet our short-term debt obligations and other liabilities and commitments as they become due. We believe that our current cash and cash equivalents, proceeds from the sale of ISS Joint Venture, anticipated cash flows from operations, and planned bank refinancing intended to release the restricted cash in J.A. Martin, will be sufficient to meet our cash requirements for at least the next 12 months. We may, however, require additional cash or cash equivalents due to changing financial, economic or business conditions, changes in our development activities or the timing of project investments or dispositions, or other factors.

C. Research and Development, Patents and Licenses, etc.

Our business model does not currently entail substantial investment in research and development, patents or licenses other than standard third-party licenses or similar rights obtained in the ordinary course of business relating to the equipment and/or technology used in our projects.

D. Trend Information

Other than as disclosed elsewhere in this Transition Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources.

E. Off-Balance Sheet Arrangements

Up to and including the most recent fiscal year, we have not had any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to related financing, liquidity, market or credit risks that could arise if we had engaged in those types of arrangements.

F. Contractual Obligations and Commitments

The following table represents our contractual obligations, aggregated by type:

Three Months Ended June 30, 2019 (US dollars in thousands)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Debt obligations, principal	\$ 19,909	\$ 1,667	\$ 18,242	\$ -	\$ -
Debt obligations, interest	3,487	2,192	1,295	-	-
Lease obligations	1,991	692	1,077	222	-
Total contractual obligations	\$ 25,387	\$ 4,551	\$ 20,614	\$ 222	\$ -

Year Ended March 31, 2019 (US dollars in thousands)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Debt obligations, principal	\$ 18,993	\$ 751	\$ 18,242	\$ -	\$ -
Debt obligations, interest	3,487	1,805	1,682	-	-
Finance lease obligation	290	147	143	-	-
Operating lease obligations	1,383	600	530	253	-
Total contractual obligations	\$ 24,153	\$ 3,303	\$ 20,597	\$ 253	\$ -

Year Ended March 31, 2018 (US dollars in thousands)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Debt obligations, principal	\$ 21,762	\$ 3,670	\$ 12,061	\$ 6,031	\$ -
Debt obligations, interest	4,134	1,828	2,050	256	-
Finance lease obligation	619	291	328	-	-
Operating lease obligations	304	144	160	-	-
Total contractual obligations	\$ 26,819	\$ 5,933	\$ 14,599	\$ 6,287	\$ -

Year Ended March 31, 2017 (US dollars in thousands)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Debt obligations, principal	\$ 20,015	\$ 90	\$ 19,171	\$ 179	\$ 574
Debt obligations, interest	3,332	1,643	1,600	54	36
Finance lease obligation	272	165	107	-	-
Operating lease obligations	174	15	159	-	-
Total contractual obligations	\$ 23,793	\$ 1,913	\$ 21,037	\$ 233	\$ 610

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth the names, ages and positions of our directors and executive officers. Unless otherwise indicated, the business address of all of our directors and executive officers is Unit 3.02, 411-413 Oxford Street, London W1C 2PE.

Name	Age	Position	Appointed	Resigned
<i>Directors:</i>				
Kevin Chin ⁽¹⁾ ⁽²⁾ ⁽³⁾	46	Non-Executive Director and Chairman	April 27, 2016	
Peter Sermol ⁽¹⁾ ⁽²⁾ ⁽³⁾	57	Non-Executive Director	December 21, 2016	
Shimi Shah ⁽¹⁾ ⁽²⁾ ⁽³⁾	48	Non-Executive Director	December 28, 2017	
<i>Executive Officers:</i>				
Art Russell	58	Interim Chief Executive Officer Chief Financial Officer	February 26, 2019 December 1, 2017	February 25, 2019

(1) Member (or in the case of Mr. Chin, non-voting observer) of the Audit and Risk Committee.

(2) Member of the Remuneration Committee.

(3) Member of the Nomination Committee.

The following sets forth biographical information regarding our directors and executive officers. There are no family relationships between any director or executive officer and any other director or executive officer.

There are no other arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management, except that: Kevin Chin is the Chairman of AWN, which is a beneficial owner of 60.3% of VivoPower and is the beneficial owner of 9.2% of VivoPower through The Panaga Group Trust and Art Russell is employed by Arowana International UK Limited, a subsidiary of AWN, and is seconded on a full-time basis to VivoPower.

Executive Officers

Art Russell was appointed Interim Chief Executive Officer effective February 26, 2019, following the resignation of Mr. Weatherley-White. Prior to his appointment as Interim Chief Executive Officer, he served as Chief Financial Officer from December 1, 2017, on secondment from AWN pursuant to a Secondment Agreement (described below under *Executive Agreements*). Mr. Russell is an experienced executive with over 25 years of global experience in financial management, business performance improvement and turnaround across a diverse range of industry sectors. He has worked extensively in the private equity investment space, on both sides of the investment transaction. Prior to joining VivoPower, Mr. Russell was CFO of APC Technology Group PLC ("APC"), a business listed on AIM of the London Stock Exchange, successfully turning around the business following significant loss, near business collapse, and management change. Prior to joining APC, Mr. Russell was CFO of a U.K. based private equity investment in the aviation sector owned by KKR and Investindustrial, with regional responsibility for financial management of a \$350 million turnover international business through to successful exit to a FTSE 100 PLC. Previous experience includes ten years as Senior Vice President and CFO of a private equity investment firm in Canada, responsible for acquisition activity, financing, and portfolio management. Prior to this, Mr. Russell led finance for a private equity backed international marine and fuel distribution company, joining that business after eight years in audit, tax, and financial advisory services at Deloitte. Mr. Russell holds a Bachelor of Commerce degree from the University of Alberta, Canada, and is qualified as a Chartered Accountant in both the United Kingdom and Canada.

Directors

Kevin Chin

Kevin has extensive experience in "hands on" strategic and operational management having served as CEO, CFO and COO of various companies across a range of industries, including solar energy, software, traffic management, education, funds management and vocational education. He also has significant international experience in private equity, buyouts of public companies, mergers and acquisitions and capital raisings as well as funds management, accounting, litigation support and valuations.

Kevin is the founder of Arowana & Co. (Arowana), a diversified investment group with operating companies across the U.K., U.S., Asia, Australia and New Zealand. Arowana has listed companies on the Australian Stock Exchange and NASDAQ as well as unlisted companies. Arowana International Limited, listed on the Australian Stock Exchange is the largest shareholder in VivoPower.

Over his twenty-five year career, Kevin has held a number of strategic and operational leadership roles and was also previously with LFG, J.P. Morgan, Ord Minnett, PwC and Deloitte. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co-Op Scholars with the School of Banking and Finance. He is also a qualified Chartered Accountant and a Fellow of FINSIA, where he was a curriculum writer and lecturer in the Master of Applied Finance program.

Peter Sermol

Peter has over thirty years of experience in institutional finance. Peter is the co-founder of North Star Solar Ltd, a company focused on installing U.K. rooftop solar PV and battery storage which developed a model to install renewable technologies with energy savings repaying capex.

Prior to this, with his proven track record in trading distressed debt, Peter ran the Toronto office of Amstel Securities, a Dutch regulated brokerage firm for eight years. During this period Peter expanded the office to focus on uncovering and seeding uncorrelated investment opportunities. Taking a sector agnostic view, investments ranged from Latin American NPLs, financing Canadian property developers, Australian non-conforming loans, U.S. viatical life insurance policies, U.S. non-prime auto loans. During this period, he also served as CEO of an online media distribution company.

Previously, Peter worked with specialist brokerage and advisory firms including Anca Capital Partners and Amstel as well as co-founding his own brokerage firm, Global Markets Ltd trading Asian Convertible Bonds and GDRs. Peter studied marine electronics at the Merchant Naval College, Greenhithe.

Shimi Shah

Shimi has been actively involved in investing and venture capital for over 20 years. Shimi is the Chairperson of Carousel Solutions, a technology and business advisory group, focusing on assisting companies navigate expansion into and out of the Middle East and Europe, build diversified businesses, appoint boards, and provide efficient technology solutions to mitigate security risk and increase productivity.

Shimi is also an active independent director and advisory board member. She is a board director of Bboxx, a \$25 million revenue distributed energy business, chairs the leading kid's club design company called Worldwide Kids Club, is part of the advisory committee for the Green Gateway Fund, a \$250 million clean technology and sustainability fund and is on the advisory board of the North East Fund, a \$200 million regional development fund. She also sits on the board of the Pay It Forward Foundation based in the U.S.

Prior to this, she was CEO at FORSA LLC, Managing Partner at Partnerships UK (PUK), Chief Investment Officer at Hanson Capital, and has worked at 3i and Citigroup. Shimi holds Masters in Management from Queens' College, Cambridge, and Bachelor of Science degree from King's College, London, in Management and Economics. She is an active member of the Young President's Organization (YPO) in Europe and Africa.

B. Compensation

Directors and Executive Management Compensation

The tables below set out the compensation paid to our directors and executive officers for the three months ended June 30, 2019 and year ended March 31, 2019.

Three Months Ended June 30, 2019	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
<i>Directors:</i>						
Kevin Chin	\$ 62,136	\$ -	\$ -	\$ -	\$ -	\$ 62,136
Shimi Shah	\$ 19,122	\$ -	\$ -	\$ -	\$ -	\$ 19,122
Peter Sermol	\$ 19,122	\$ -	\$ -	\$ -	\$ -	\$ 19,122
<i>Executive Officers:</i>						
Art Russell	\$ 74,903	\$ 1,873	\$ 7,490	\$ 1,100	\$ -	\$ 85,366
Year Ended March 31, 2019	Salary & Fees	Benefits	Pension	Long Term Incentives	Severance	Total
<i>Directors:</i>						
Kevin Chin	\$ 254,084	\$ -	\$ -	\$ -	\$ -	\$ 254,084
Shimi Shah	\$ 104,658	\$ -	\$ -	\$ -	\$ -	\$ 104,658
Peter Sermol	\$ 80,094	\$ -	\$ -	\$ -	\$ -	\$ 80,094
Gary Hui *	\$ 97,395	\$ 5,156	\$ -	\$ -	\$ -	\$ 102,551
Edward Hyams **	\$ 43,361	\$ -	\$ -	\$ -	\$ -	\$ 43,361
<i>Executive Officers:</i>						
Art Russell	\$ 234,843	\$ 5,871	\$ 23,484	\$ 12,800	\$ -	\$ 276,998
Carl Weatherley-White ***	\$ 330,778	\$ 31,087	\$ -	\$ 58,162	\$ 111,650	\$ 531,676

* Reflects shorter period of employment from April 1, 2018 to October 26, 2018. In addition to director fees, Gary Hui was also paid a salary of 200,769 for the period, of which \$145,000 was recharged to AWN; the amount presented in the table above only includes the amount that was not recharged to AWN. The retained cost is paid in compensation for additional work undertaken for the benefit of the Company, including his role on the investment committee.

** Reflects shorter period of appointment, from April 1, 2018 to November 16, 2018.

*** Reflects shorter period of employment, from April 1, 2018 to February 12, 2019.

Employment Agreements

Executive Agreements

Art Russell is employed by Arowana International UK Limited, a subsidiary of AWN, and is seconded to VivoPower as, first, Chief Financial Officer, and then Interim Chief Executive Officer effective February 26, 2019, pursuant to a secondment agreement dated November 24, 2017, entered into between Arowana International UK Limited and VivoPower International Services Limited ("Secondment Agreement"). The period of Mr. Russell's secondment under the Secondment Agreement commenced on December 1, 2017, and continues until November 30, 2019, or until terminated in accordance with its terms, unless otherwise extended by the parties. The cost of Mr. Russell's executive services agreement with Arowana International UK Limited is reimbursed by VivoPower International Services Limited. Mr. Russell's executive services agreement provides for base compensation, currently at a rate of £235,000, a pension contribution into his personal registered pension plan equal to 10% of base compensation, and a contribution towards private medical insurance of 2.5% of base compensation. In addition, upon completion of appointment as Interim Chief Executive Officer, Mr. Russell will be awarded 100,000 shares of VivoPower stock and paid a one-time bonus of up to £82,250 depending upon achievement of agreed performance metrics. While seconded to VivoPower, Mr. Russell is also eligible to participate in the VivoPower annual bonus pool based on the Company's and Mr. Russell's performance. The payment and timing of the bonus is at the sole discretion of the Company. Mr. Russell's target bonus under the bonus is up to 100% of his base compensation. In addition to observing English public holidays, Mr. Russell is entitled to 25 days personal holiday each year. Mr. Russell is restricted from pursuing interests in other competing businesses and is subject to customary terms regarding confidentiality, intellectual property, and non-competition. The executive services agreement can be terminated by either party with one month's notice; post termination non-solicitation and non-competition provisions extend for periods between three and twelve months.

Potential Payments Upon Termination or Change in Control

Art Russell, Interim Chief Executive Officer, may be terminated on one month's notice at any time, for any reason, with or without cause. Other than the one-month notice period, there are no other special payments upon termination or change of control.

The appointment letters of the non-executive directors of the Company are generally terminable upon one month's written notice and do not contain provisions providing for special payments upon termination or change in control.

C. Board Practices

Board Composition

Our business affairs are managed under the direction of our board of directors, which currently comprises three members. Kevin Chin has served as a director since April 27, 2016. Peter Sermol has served as a director since December 21, 2016. Shimi Shah has served as a director since December 28, 2017. Our board of directors has determined that Ms. Shah and Mr. Sermol are "independent" under the listing rules of The Nasdaq Stock Market.

Classification of Directors

Pursuant to our Articles, which were adopted upon the closing of the Business Combination, the Directors are divided into three classes, as nearly equal in number as possible and designated as Class A, Class B and Class C. The initial term of Class A Directors expired at the Company's first annual general meeting in September 2017, Class B Directors at the 2018 annual general meeting, and Class C Directors at the 2019 annual general meeting. At each annual general meeting, successors to the class of Directors whose term expired at that annual general meeting are elected for a term to expire at the third annual meeting following such election.

There are currently no Class A Directors. Peter Sermol is a Class B Director and was re-elected at the 2018 annual general meeting for a three-year term. Kevin Chin and Shimi Shah are Class C Directors and their term will expire at the 2019 annual general meeting and will both stand for re-election to a further three year term at the next Annual General Meeting. Kevin Chin is the Chairman of the board

Corporate Governance

The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, Nasdaq rules provide that foreign private issuers may follow home country practice in lieu of the Nasdaq corporate governance standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws. We currently do not intend to take advantage of any such exemptions.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable requirements of the rules adopted by the SEC.

Because we are a foreign private issuer, our directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Committees of the Board

We have an Audit and Risk Committee, a Nominating Committee and a Remuneration Committee and have a charter for each of these committees.

Audit and Risk Committee

The Audit and Risk Committee is comprised of Shimi Shah and Peter Sermol, both of whom has been determined by the Board to be independent under the applicable Nasdaq listing standards. Edward Hyams also served on the committee until his resignation on November 16, 2018. Shimi Shah joined the Audit and Risk Committee on December 28, 2017; prior to that, Mr. Chin was a member of the committee.

Upon the resignation of Edward Hymans, an independent director, on November 16, 2019, the Company no longer complied with Nasdaq's audit committee requirements as set forth in Listing Rule 5605, which requires a minimum of three independent directors on the committee. The Company must appoint another independent director to the Audit and Risk Committee by the Company's next annual shareholders' meeting.

The Audit and Risk committee has a written charter, a form of which is available free of charge on VivoPower's website at www.vivopower.com.

The purpose of the Audit and Risk Committee, as specified in the Audit and Risk Committee charter, includes, but is not limited to, assisting the board of directors in overseeing and monitoring:

- the Company's accounting and financial reporting processes and internal control over financial reporting;
- the audit and integrity of the Company's financial statements;
- the qualifications, independence, remuneration, engagement terms with and performance of the Company's registered public accounting firm;
- the Company's compliance with accounting, regulatory and related legal and requirements;
- the adequacy and security of the Company's compliance and fraud-detection procedures;
- risk assessment and risk management; and,
- maintenance of oversight of related party transactions to help ensure that they are appropriately disclosed and to make recommendations to the board regarding authorization.

The Audit and Risk Committee is required to be composed exclusively of "independent directors," as defined under the Nasdaq listing standards and the rules and regulations of the SEC, and each of whom must be, among other requirements, "financially literate," as defined under Nasdaq's listing standards. Nasdaq's listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. In addition, VivoPower is required to certify to Nasdaq that the committee has at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication.

The board of directors determined that since December 28, 2017, none of the members of the Audit and Risk Committee satisfied Nasdaq's definition of financial sophistication or qualifies as an "audit committee financial expert" as defined under rules and regulations of the SEC. Accordingly, on July 18, 2018, the board of directors appointed Kevin Chin as a non-voting observer member of the Audit and Risk Committee. The board of directors has determined that Kevin Chin satisfies Nasdaq's definition of financial sophistication and also qualifies as an "audit committee financial expert" as defined under rules and regulations of the SEC.

Nominating Committee

The Nominating Committee of the board of directors is comprised of Shimi Shah and Peter Sermol, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Edward Hyams also served on the committee until his resignation on November 16, 2018. Shimi Shah joined the Nominating Committee on December 28, 2017; prior to that, Mr. Chin was a member of the committee.

The Nominating Committee has a written charter, a form of which is available free of charge at VivoPower's website at www.vivopower.com.

The Nominating Committee is responsible for overseeing the selection of persons to be nominated to serve on VivoPower's board of directors.

The Nominating Committee considers persons identified by its members, management, shareholders, investment bankers and others. Pursuant to its charter, the Nominating Committee, before any appointment is made by the board of directors, evaluates the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment, and consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position.

The Nominating Committee considers a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the board of directors. The Nominating Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The Nominating Committee will not distinguish among nominees recommended by shareholders and other persons.

Remuneration Committee

The Remuneration Committee is comprised of Shimi Shah and Peter Sermol, each of whom the Board has determined is independent under the applicable Nasdaq listing standards. Edward Hyams also served on the committee until his resignation on November 16, 2018. Shimi Shah joined the Remuneration Committee on December 28, 2017; prior to that, Mr. Chin was a member of the committee.

The Remuneration Committee has a written charter, a form of which is available free of charge on VivoPower's website at www.vivopower.com.

The Remuneration Committee's duties, which are specified in our Remuneration Committee Charter, include, but are not limited to:

- setting the remuneration policy for all executive directors and executive officers, including pension rights and any compensation payments;
- reviewing the appropriateness and relevance of the remuneration policy;
- determining total individual compensation packages;
- reviewing and designing share incentive and share option plans, determining awards thereunder and administering such plans;
- approving design of and targets for performance-related pay schemes;
- determining pension arrangements;
- appointing compensation consultants;
- approving contractual appointment terms for directors and senior executives; and,
- related duties.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, executive officers and employees, including our chief executive officer, chief financial officer, controller, or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Business Conduct and Ethics is posted on the investor relations section of our website at www.vivopower.com.

If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Business Conduct and Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

D. Employees

As of June 30, 2019, we had 181 (March 31, 2019: 179; 2018: 198; 2017: 151; 2016: 6) employees and subcontractors. as follows:

As at June 30, 2019	Australia	US	U.K.	Asia	Total
Sales and Business Development	7	2	-	-	9
Central Services and Management	28	-	3	-	31
Engineering and Critical Power Services	141	-	-	-	141
Total employees	176	2	3	-	181

As at March 31, 2019	Australia	US	U.K.	Asia	Total
Sales and Business Development	7	2	-	-	9
Central Services and Management	28	-	4	-	32
Engineering and Critical Power Services	138	-	-	-	138
Total employees	173	2	4	-	179

As at March 31, 2018	Australia	US	U.K.	Asia	Total
Sales and Business Development	4	2	-	3	9
Central Services and Management	29	2	6	-	37
Engineering and Critical Power Services	148	4	-	-	152
Total employees	181	8	6	3	198

As at March 31, 2017	Australia	US	U.K.	Asia	Total
Sales and Business Development	10	2	-	2	14
Central Services and Management	27	4	4	-	35
Engineering and Critical Power Services	98	2	-	-	100
Total employees	135	8	4	2	149

None of our employees work under any collective bargaining agreements. We have never experienced labor-related work stoppages or strikes and believe that we have good relations with our employees.

E. Share Ownership

The following table sets forth information regarding the beneficial ownership of VivoPower ordinary shares as of July 5, 2019, by:

- each of our executive officers and directors; and
- all of our executive officers and directors as a group.

The beneficial ownership of VivoPower's ordinary shares is based on 13,557,376 ordinary shares issued and outstanding on August 16, 2019. Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all ordinary shares beneficially owned by them.

Name and Address of Beneficial Owner ⁽¹⁾	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Kevin Chin ⁽²⁾	1,266,531 ⁽³⁾⁽⁴⁾⁽⁵⁾	9.3%
Peter Sermol	-	-%
Shimi Shah	-	-%
Art Russell	10,000	-%
All directors and executive officers as a group (4 persons)	1,276,531	9.3%

- (1) Unless otherwise indicated, the business address of each of the individuals is c/o VivoPower International PLC, Unit 3.02, 411-413 Oxford St, London W1C 2PE, United Kingdom
- (2) The business address for each of the individuals is c/o Arowana Inc., at Level 11, 153 Walker Street, North Sydney, NSW 2060, Australia.
- (3) Represents shares held by Bomeo Capital Pty Limited and The Panaga Group Trust, of which Mr. Chin is a beneficiary and one of the directors of the corporate trustee of such fund.
- (4) Does not include shares held by Arowana International Limited, of which Mr. Chin is a director.
- (5) In 2015, Arowana Partners Group, a private Australian company of which Mr. Chin is a shareholder and director lent \$607,470 to Gary Hui's private vehicle, Beira Corp, a British Virgin Islands entity, pursuant to a loan agreement. Beira Corp has not paid back the loan together with accumulated interest upon its maturity and has been attempting to settle the loan in full by transferring 325,046 VivoPower International PLC shares to Arowana Partners Group. This has been rejected by Arowana Partners Group on the basis that the value of these shares is significantly below the outstanding loan and accumulated interest and that the transfer of such shares could be in contravention of securities law if any transfer happened during blackout periods. This matter is now the subject of a legal dispute and therefore the shareholding balances above do not reflect the VivoPower shares that Beira Corp currently holds.

None of the above shareholders have different voting rights from other shareholders as of the date of this Transition Report.

Equity Incentive Plan

On July 3, 2017, the board of directors approved adoption of the Company's 2017 Omnibus Incentive Plan (the "Incentive Plan"), which was subsequently approved by shareholders. The purpose of the Incentive Plan is to provide a means through which the Company and its subsidiaries may attract and retain key personnel and to provide a means whereby personnel of the Company and its subsidiaries can acquire and maintain equity interests in the Company and align their interests with those of the Company's stockholders. Types of awards that may be granted under the Incentive Plan include options, stock appreciation rights, restricted stock and restricted stock units, stock bonus awards and performance compensation awards. The Remuneration Committee of the Board of Directors administers the Incentive Plan and determines the terms and conditions of the awards. Awards are evidenced by an award agreement containing the terms and conditions of each award. Under the Incentive Plan (or a Sub-Plan for Non-Employees that was also approved with the Incentive Plan), the Company may grant awards to employees, executives, officers, consultants, or advisors of the Company or its subsidiaries.

During the year-ended March 31, 2019, a total of 18,297 restricted stock units, 54,890 performance stock units, and 129,805 stock bonus awards were granted, of which only 4,575 restricted stock units and 129,805 stock bonus awards have vested. By June 30, 2019, 126,805 (March 31, 2019: 75,805) bonus stock awards has been delivered and nil restricted stock units. The remaining vested but undelivered shares will be delivered in the following year.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to beneficial ownership of our ordinary shares as of the date of this Transition Report by each person known to us to beneficially own 5% and more of our ordinary shares.

The beneficial ownership of VivoPower's ordinary shares is based on determined based on 13,557,376 ordinary shares issued and outstanding on August 16, 2019. Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Approximate Percentage of Beneficial Ownership
The Panaga Group Trust ⁽¹⁾	1,241,531	9.2%
Arowana International Limited ⁽²⁾	8,176,804	60.3%

(1) According to a Schedule 13D filed on January 9, 2017, on behalf of Kevin Chin, The Panaga Group Trust (the "Trust"), Panaga Group Pty Ltd. (the "Trustee"), Mr. Chin, the Trust and the Trustee share sole voting and dispositive control over the shares reported. The business address of these entities is Level 11, 110 Mary Street, Brisbane, QLD 4000, Australia.

(2) According to a Schedule 13D filed January 31, 2017, on behalf of Arowana International Limited ("AWN"), Arowana Australasian Special Situations Fund 1 Pty Limited ("Arowana Fund Co"), Arowana Australasian VCMP 2, LP ("Arowana Fund GP"), Arowana Australasian Special Situations Partnership 1, LP ("Arowana Fund"), Arowana Energy Holdings Pty Ltd. ("Arowana Energy"), Arowana Energy, AWN, as the controlling shareholder of each of Arowana Fund Co, Arowana Fund GP, Arowana Fund and Arowana Energy, may be deemed to beneficially own 8,176,804 ordinary shares. This amount includes 5,718,879 ordinary shares held directly by AWN, 488,435 ordinary shares directly held by certain entities controlled by AWN, 1,027,203 ordinary shares held by Arowana Fund and 942,287 ordinary shares held by Arowana Energy. The business address of these entities is c/o Arowana Inc., at Level 11, 153 Walker Street, North Sydney, NSW 2060, Australia.

B. Related Party Transactions

Transactions and Balances with Related Persons

Arowana International Limited is the ultimate controlling party by virtue of its 60.3% shareholding in VivoPower. Kevin Chin, Chairman of VivoPower, is also Chief Executive of Arowana International Limited. During the period, a number of services were provided to the Group from Arowana and its subsidiaries ("Arowana"); the extent of the transactions between the two groups is listed below.

VivoPower is indebted to Arowana via a shareholder loan on normal commercial terms with interest at 8.5% per annum payable monthly in advance and principal repayable in equal monthly instalments of \$75,000 for ten months beginning April 2018, with the remainder repayable in 21 equal monthly instalments commencing July 2020. At June 30, 2019 the principal balance due to Arowana by VivoPower under this loan was \$18,242,636 (March 31, 2019: \$18,242,636; 2018: \$18,992,636).

VivoPower is indebted to Arowana via a shareholder loan on normal commercial terms with interest at 10.0% per annum payable monthly in arrears and principal repayable upon release of restricted cash held as bank guarantee security as disclosed in Note 16 to the consolidated financial statements. At June 30, 2019 the principal balance due to Arowana by VivoPower under this loan was \$765,681 (March 31, 2019: nil; 2018: nil).

Directors fees for Kevin Chin in the amount of \$62,136 were charged to the Company by Arowana Partners Group Pty Limited, a company of which Mr. Chin is a shareholder and director, during the three months ended June 30, 2019. At June 30, 2019 the Company had an account payable to Arowana Partners Group Pty Limited of \$88,516 (March 31, 2019: \$47,990; 2018: \$42,188) in respect of these services.

Art Russell, Interim Chief Executive Officer, is employed by Arowana International UK Limited, a subsidiary of Arowana, and seconded to VivoPower; \$84,266 was charged to the Company during the three months ended June 30, 2019. At June 30, 2019 the Company had an account payable of \$116,923 (March 31, 2019: \$32,657; 2018: \$80,026) in respect of these services.

From time to time, costs incurred by Arowana on behalf of VivoPower are recharged to the Company. During the three months ended June 30, 2019, \$nil was recharged to the Company. At June 30, 2019, the Company has a payable to Arowana in respect of recharges of \$1,268,670 (March 31, 2019: \$1,268,670; 2018: \$1,802,003).

Aevitas is indebted to the following subsidiaries of Arowana via their holdings in Aevitas convertible loan notes, which are accounted for as equity instruments within other reserves, as more fully described in note 23 to consolidated financial statements, and for which they earned \$170,924 of interest during the three months ended June 30, 2019. The outstanding amount represents the face value plus interest accrued to June 30, 2019:

- Arowana Australasian Special Situations 1A Pty Ltd: 666,666 Aevitas convertible loan notes with an outstanding amount of \$4,599,630;
- Arowana Australasian Special Situations 1B Pty Ltd: 666,667 Aevitas convertible loan notes with an outstanding amount of \$4,599,636; and,
- Arowana Australasian Special Situations 1C Pty Ltd : 666,667 Aevitas convertible loan notes with an outstanding amount of \$4,599,636.

Subsidiaries of Arowana hold the following convertible preferred shares of Aevitas, which are accounted for as equity instruments within other reserves, and for which they earned \$73,253 of dividends during the three months ended June 30, 2019. The outstanding amount represents the face value plus dividends accrued to June 30, 2019:

- Arowana Australasian Special Situations 1A Pty Ltd: 388,889 Aevitas convertible preferred shares with an outstanding amount of \$1,185, 012;
- Arowana Australasian Special Situations 1B Pty Ltd: 388,889 Aevitas convertible preferred shares with an outstanding amount of \$1,185, 012;
- Arowana Australasian Special Situations 1C Pty Ltd: 388,889 Aevitas convertible preferred shares held with an outstanding amount of \$1,185, 012; and,
- Arowana Australasian Special Situations Fund 1 Pty Limited: 833,333 Aevitas convertible preferred shares with an outstanding amount of \$2,539,310.

Aevitas is indebted to The Panaga Group Trust, of which Mr. Kevin Chin is a beneficiary and one of the directors of the corporate trustee of such trust, who holds 4,500 Aevitas convertible loan notes with an outstanding amount of \$29,117 representing face value plus interest accrued to June 30, 2019 and earned interest of \$385 for the three months ended June 30, 2019.

Aevitas is also indebted to The Panaga Group Trust, who also holds 4,500 Aevitas convertible preferred shares with an outstanding amount of \$12,885 representing face value plus dividends accrued to June 30, 2019 and earned dividends of \$165 for the three months ended June 30, 2019.

VivoPower Policy on Conflicts of Interest

VivoPower's Code of Ethics requires that situations that could be reasonably expected to give rise to a conflict of interest be fully disclosed to the Company's Compliance Officer, and provides that conflicts of interest may only be waived by the board of directors or an appropriate committee of the board of directors. Under the Code of Ethics, a conflict of interest is deemed to occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole, and in general the Code of Conduct provides that, subject to certain exceptions in the Code, the following should be considered conflicts of interest: (i) no employee may be employed or engaged by a business that competes with the Company or deprives it of any business; (ii) no employee should use corporate property, information or his or her position with the Company to secure a business opportunity that would otherwise be available to the Company; (iii) no employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier, financing partner or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions; (iv) no employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business or entity if such interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote time to it during such employee's working hours at the Company except that with the prior approval of the board of directors of the Company, an employee may hold up to 5% ownership interest in a publicly traded company that is in competition with the Company; provided that if the employee's ownership interest in such publicly traded company increases to more than 5%, the employee must immediately report such ownership to the Compliance Officer; no employee may hold any ownership interest in a privately held company that is in competition with the Company except with the prior approval of the board; and no employee may hold any ownership interest in a company that has a business relationship with the Company if such employee's duties at the Company include managing or supervising the Company's business relations with that company.

VivoPower's Audit and Risk Committee, pursuant to its written charter, is responsible for maintaining oversight of conflict of interest transactions to help to ensure that they are appropriately disclosed and make recommendations to the board of directors regarding authorization. The Audit and Risk Committee considers all relevant factors when determining whether to approve a conflict of interest transaction, including whether the conflict of interest transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. VivoPower requires each of its directors and executive officers to complete an annual directors' and officers' questionnaire that elicits information about conflict of interest transactions.

These procedures are intended to determine whether any such conflict of interest impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

VivoPower also complies with English law provisions in relation to directors' conflicts contained in the Companies Act 2006 and specific provisions contained in the Company's articles of association. The Companies Act 2006 permits directors of U.K. public limited companies to have conflicts of interests provided that their articles of association permit directors to authorize a conflict and the directors do authorize any such conflict in accordance with such provision.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See "Item 18—Financial Statements" and the financial statements referred to therein.

Legal Proceedings

On February 26, 2018, Philip Comberg, formerly Chief Executive Officer and formerly a member of the Board of Directors of VivoPower, filed a claim in the High Court of Justice Queen's Bench Division in the United Kingdom against VivoPower and a subsidiary, VivoPower International Services Limited ("VISL"). The claim is in respect of payments alleged to be due to Mr. Comberg, damages, and restitution in relation to services allegedly rendered by Mr. Comberg, interest and costs. In particular, Mr. Comberg claims VISL committed a repudiatory breach of Mr. Comberg's service agreement with VISL in connection with the termination of Mr. Comberg's employment in October 2017, and claims as damages amounts including £615,600 in unpaid amounts allegedly relating to the notice period under the service agreement, £540,000 relating to shares of stock in PLC that Mr. Comberg alleges were not delivered to him but were due, and, inter alia, amounts relating to bonuses alleged to be due, fees relating to services Mr. Comberg claims he provided, as well as interest and costs (collectively, the "Comberg Claims").

On April 9, 2018, VivoPower and VISL filed a defense and counterclaims against Mr. Comberg. In the defense, VivoPower and VISL denied that a repudiatory breach was committed by VISL and denied the other Comberg Claims and asserted that Mr. Comberg was terminated for cause and/or by the acceptance on the part of VISL of Mr. Comberg's own repudiatory breach of Mr. Comberg's service agreement. VivoPower and VISL also filed counterclaims against Mr. Comberg alleging that Mr. Comberg had mismanaged the Company, misrepresented information to the VivoPower Board, and failed to report his own wrongdoing in breach of his services agreement and fiduciary duties to VivoPower and VISL.

On November 26, 2018, VivoPower and VISL agreed to a settlement of the counterclaims for an undisclosed amount. No settlement has been reached with respect to Mr. Comberg's claim. VivoPower and VISL continue to strongly deny and defend the Comberg Claims.

Dividend Policy

We have never declared or paid any dividends on our ordinary shares, and we currently do not plan to declare dividends on our ordinary shares in the foreseeable future. Any determination to pay dividends to holders of our ordinary shares will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, legal requirements, restrictions in our debt arrangements and other factors that our board of directors deem relevant.

B. Significant Changes

Except as disclosed elsewhere in this Transition Report, there have been no significant changes since March 31, 2019.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

The principal host market for the ordinary shares of VivoPower is The Nasdaq Capital Market and the shares are traded under the symbol "VVPR."

B. Plan of Distribution

Not applicable.

C. Markets

Since December 29, 2016, our ordinary shares have been listed on The Nasdaq Capital Market under the symbol "VVPR."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this Transition Report the description of our memorandum and articles of association set forth under "Description of VivoPower Securities – Key Provisions of our Articles of Association" in our registration statement on Form F-4 (File No. 333-213297) filed with the SEC on November 21, 2016.

C. Material Contracts

See "Item 4.B. Business Overview," "Item 5.B. Liquidity and Capital Resources," "Item 6. Directors, Senior Management and Employees" and "Item 7.B. Related Party Transactions."

No new material contracts were entered into during the three months ended June 30, 2019.

D. Exchange Controls

Other than applicable taxation, anti-money laundering and counter-terrorist financing law and regulation and certain economic sanctions which may be in force from time to time, there are no English laws or regulation, or any provision of our articles of association, which would prevent the import or export of capital or the remittance of dividends, interest or other payments by us to holders of our ordinary shares who are not residents of the U.K. on a general basis.

E. Taxation

U.K. Tax Considerations

The following statements are a general guide to certain aspects of current U.K. tax law and the current published practice of HM Revenue and Customs, both of which are subject to change, possibly with retrospective effect.

The following statements are intended to apply to holders of ordinary shares who are only resident for tax purposes in the U.K., who hold the ordinary shares as investments and who are the beneficial owners of the ordinary shares. The statements may not apply to certain classes of holders of ordinary shares, such as dealers in securities and persons acquiring ordinary shares in connection with their employment. Prospective investors in ordinary shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the ordinary shares should consult their own tax advisers.

Dividends

Withholding tax

We will not be required to deduct or withhold U.K. tax at source from dividend payments we make.

Individuals

U.K. resident and domiciled holders do not have to pay tax on the first £2,000 of dividend income received in the 2019/2020 U.K. tax year (the "dividend allowance"). However, tax will be levied on any dividends received over the dividend allowance at 7.5% on dividend income within the basic rate band, 32.5% on dividend income within the higher rate band and 38.1% on dividend income within the additional rate band.

Corporate shareholders within the charge to U.K. corporation tax

Holders of ordinary shares within the charge to U.K. corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 (for the purposes of U.K. taxation of dividends) will not be subject to U.K. corporation tax on any dividend received from us provided certain conditions are met (including an anti-avoidance condition).

Other holders within the charge to U.K. corporation tax will not normally be subject to tax on dividends from us, provided that one of a number of possible exemptions applies.

If the conditions for exemption are not met or cease to be satisfied, or such a holder elects for an otherwise exempt dividend to be taxable, the holder will be subject to U.K. corporation tax on dividends received from us, at the rate of corporation tax applicable to that holder.

Capital gains

Individuals

For individual holders who are resident in the U.K. and individual holders who are temporarily non-resident and subsequently resume residence in the U.K. within a certain time, the principal factors that will determine the U.K. capital gains tax position on a disposal or deemed disposal of ordinary shares are the extent to which the holder realizes any other capital gains in the U.K. tax year in which the disposal is made, the extent to which the holder has incurred capital losses in that or earlier U.K. tax years, and the level of the annual allowance of tax-free gains in that U.K. tax year (the "annual exemption"). The annual exemption for the 2019/2020 U.K. tax year is £12,000.

Subject to any annual exemption or relief, an individual holder will be subject to gains above the annual exemption amount at a rate of 10% or 20% depending on the total amount of the individual's taxable income.

A disposal or deemed disposal of ordinary shares by a holder within the charge to U.K. corporation tax may give rise to a chargeable gain or allowable loss for the purposes of U.K. corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that company. Holders within the charge to U.K. corporation tax will, for the purposes of computing chargeable gains, be allowed to claim an indexation allowance which applies to reduce capital gains (but not to create or increase an allowable loss) to the extent that such gains arise due to inflation although the allowance has now been frozen and is calculated only on movements in inflation up to 31 December 2017.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The statements in this section entitled "Stamp Duty and Stamp Duty Reserve Tax ("SDRT") are intended as a general guide to the current United Kingdom stamp duty and SDRT position. The discussion below relates to holders wherever resident, but investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

General

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply):

- No stamp duty or SDRT will arise on the issue of our shares;
- An agreement to transfer our shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser;
- Instruments transferring our shares will generally be subject to stamp duty at the rate of 0.5% of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty; and,
- If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT already paid is generally repayable, normally with interest, and any SDRT charge yet to be paid is cancelled.

Depositary Receipt Systems and Clearance Services

U.K. domestic law provides that where our ordinary shares are issued or transferred to a depositary receipt system or clearance service (or their nominees or agents) SDRT (in the case of an issue of shares) and stamp duty or SDRT (in the case of a transfer of shares) may be payable, broadly at the higher rate of 1.5% of the amount or value of the consideration given (or, in certain circumstances, the value of the shares) (rounded up to the nearest £5 in the case of stamp duty). Generally, transfers within such depositary receipt system or clearance service are thereafter not subject to stamp duty or SDRT, provided that (in the case of a clearance service) no election under section 97A of the Finance Act 1986 has been made (as to which, see further below).

However, following the European Court of Justice decision in *C-569/07 HSBC Holdings Plc, Vidacos Nominees Limited v. The Commissioners of Her Majesty's Revenue & Customs* and the First-tier Tax Tribunal decision in *HSBC Holdings Plc and The Bank of New York Mellon Corporation v. The Commissioners of Her Majesty's Revenue & Customs* ("HMRC"), HMRC has confirmed that a charge to 1.5% SDRT is no longer payable when new shares are issued to a depositary receipt system or clearance service (such as, in our understanding, DTC).

HMRC remains of the view that where our shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of our shares.

There is an exception from the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986 which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of our shares into such a clearance service and on subsequent agreements to transfer such shares within such clearance service. It is our understanding that DTC has not made an election under section 97A(1) of the Finance Act of 1986, and that therefore transfers or agreements to transfer shares held in book entry (i.e., electronic) form within the facilities of DTC should not be subject to U.K. stamp duty or SDRT.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

Certain Material U.S. Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of our ordinary shares by a U.S. holder (as defined below). This summary addresses only the U.S. federal income tax considerations for U.S. holders that hold such ordinary shares as capital assets. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder. This summary does not address tax considerations applicable to a holder of ordinary shares that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an "individual retirement account" or "Roth IRA" as defined in Section 408 or 408A of the Code (as defined below), respectively;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that hold the ordinary shares as part of a "hedging," "integrated" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or persons that will hold our shares through such an entity;
- S corporations;
- certain former citizens or long-term residents of the United States;
- persons that received our shares as compensation for the performance of services;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value our shares; and,
- holders that have a "functional currency" other than the U.S. dollar.

Further, this summary does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof; and the income tax treaty between the U.S. and the U.K., in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a contrary or different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or that such a position would not be sustained.

For the purposes of this summary, a "U.S. holder" is a beneficial owner of ordinary shares that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or,
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds ordinary shares, the U.S. federal income tax consequences relating to an investment in our ordinary shares will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax considerations of acquiring, owning and disposing of our ordinary shares in its particular circumstances.

As indicated below, this discussion is subject to U.S. federal income tax rules applicable to a "passive foreign investment company," or a PFIC.

The following summary is of a general nature only and is not a substitute for careful tax planning and advice. Persons considering an investment in our ordinary shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of our ordinary shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Distributions. Subject to the discussion under "*Passive Foreign Investment Company Considerations*," below, the gross amount of any distribution actually or constructively received by a U.S. holder with respect to ordinary shares will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder's pro rata share of our current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder's adjusted tax basis in the ordinary shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held our ordinary shares for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. With respect to non-corporate U.S. holders, dividends generally will be taxed at the lower applicable long-term capital gains rate if our ordinary shares are readily tradable on an established securities market in the U.S. or we are eligible for benefits of the income tax treaty between the U.S. and the U.K. and certain other requirements are met. In addition, if we are classified as a PFIC in a taxable year in which a dividend is paid or the prior year, this lower tax rate will not be available. U.S. Holders should consult their tax advisors regarding the availability of such lower rate for any dividends paid with respect to our ordinary shares.

In general, the amount of a distribution paid to a U.S. holder in a foreign currency will be the dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the U.S. holder receives the distribution, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend.

Sale, Exchange or Other Taxable Disposition of Our Ordinary Shares. Subject to the discussion below under "*Passive Foreign Investment Company Considerations*," a U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of ordinary shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder's tax basis for those ordinary shares. Subject to the discussion under "*Passive Foreign Investment Company Considerations*" below, this gain or loss will generally be a capital gain or loss and will generally be treated as from sources within the United States. The adjusted tax basis in an ordinary share generally will be equal to the cost of such ordinary share. Capital gain from the sale, exchange or other taxable disposition of ordinary shares of a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder's holding period determined at the time of such sale, exchange or other taxable disposition for such ordinary shares exceeds one year (i.e., such gain is long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations under the Code. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their dividend income and net gains from the disposition of ordinary shares. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares.

Passive Foreign Investment Company Considerations. If we are classified as a passive foreign investment company, or PFIC, in any taxable year, a U.S. holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A corporation organized outside the United States generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of its subsidiaries, either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average quarterly value of its total gross assets (which, assuming we are not a CFC for the year being tested, would be measured by fair market value of the assets, and for which purpose the total value of our assets may be determined in part by the market value of our ordinary shares, which is subject to change) is attributable to assets that produce "passive income" or are held for the production of "passive income."

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions and the excess of gains over losses from the disposition of assets which produce passive income, and also includes amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income for the purposes of the PFIC tests. If we are classified as a PFIC in any year with respect to which a U.S. holder owns our ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns our ordinary shares, regardless of whether we continue to meet the tests described above, unless (i) we cease to be a PFIC and (ii) the U.S. holder makes a "deemed sale" election under PFIC rules.

We believe that we were not a PFIC during our 2017 taxable year and do not expect to be a PFIC during our 2018 taxable year. Our status for any taxable year will depend on the composition of our income and the projected composition and estimated fair market values of our assets and activities in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. The market value of our assets may be determined in large part by reference to the market price of our ordinary shares, which is likely to fluctuate. Further, even if we determine that we are not a PFIC after the close of our taxable year, there can be no assurances that the IRS will agree with our conclusion.

If we are a PFIC, for any taxable year, then unless a U.S. holder makes one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to such U.S. holder (generally, the U.S. holder's ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by the U.S. holder in the shorter of the three preceding years or the U.S. holder's holding period for our ordinary shares) and (b) any gain realized on the sale or other disposition of the ordinary shares. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over the U.S. holder's holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to the U.S. holder will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions."

Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares. If a U.S. holder makes the mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange." Our ordinary shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement are disregarded). The Nasdaq Capital Market is a qualified exchange for this purpose and, consequently, if the ordinary shares are regularly traded, the mark-to-market election will be available to a U.S. holder.

If we are a PFIC for any year during which a U.S. holder holds our ordinary shares, we must generally continue to be treated as a PFIC by that U.S. holder for all succeeding years during which the U.S. holder holds our ordinary shares, unless we cease to meet the requirements for PFIC status and the U.S. holder makes a "deemed sale" election with respect to our ordinary shares. If such election is made, the U.S. holder will be deemed to have sold our ordinary shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences applicable to sales of PFIC shares described above. After the deemed sale election, the U.S. holder's ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

The tax consequences that would apply if we were a PFIC would also be different from those described above if a U.S. holder were able to make a valid "qualified electing fund," or QEF, election. However, we do not currently intend to provide the information necessary for U.S. holders to make a QEF election if we were treated as a PFIC for any taxable year and prospective investors should assume that a QEF election will not be available. U.S. holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. holder owns ordinary shares during any taxable year in which we are a PFIC and the U.S. holder recognizes gain on a disposition of our ordinary shares, receives distributions with respect to our ordinary shares, or has made a mark-to-market election with respect to our ordinary shares the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder's federal income tax return for that year. In addition, in general, a U.S. person who is shareholder of a PFIC is required to file an IRS Form 8621 annually to report information regarding such person's PFIC shares if on the last day of the shareholder's taxable year the aggregate value of all stock owned directly or indirectly by the shareholder exceeds \$25,000 (\$50,000 for joint filers), or for stock owned indirectly through another PFIC exceeds \$5,000. If a U.S. person holds an interest in a domestic partnership (or a domestic entity or arrangement treated as a partnership for U.S. federal income tax purposes) or an S corporation that owns interest in a PFIC, as long as the partnership or S corporation itself has filed the form and has made a qualified electing fund or mark-to-market election, the members of the partnership aren't required to file the IRS Form 8621. If our company were a PFIC for a given taxable year, then U.S. holders should consult their tax advisor concerning their annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders are urged to consult their own tax advisers with respect to the acquisition, ownership and disposition of our ordinary shares, the consequences to them of an investment in a PFIC, any elections available with respect to our ordinary shares and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of our ordinary share.

Backup Withholding and Information Reporting. U.S. holders generally will be subject to information reporting requirements with respect to dividends on ordinary shares and on the proceeds from the sale, exchange or disposition of ordinary shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a correct taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Certain Reporting Requirements with Respect to Payments of Offer Price. U.S. holders paying more than \$100,000 for our ordinary shares generally may be required to file IRS Form 926 reporting the payment of the offer price for our ordinary shares to us. Substantial penalties may be imposed upon a U.S. holder that fails to comply. Each U.S. holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

Foreign Asset Reporting. Certain U.S. holders who are individuals and certain entities controlled by individuals may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their U.S. federal income tax return. An asset with respect to which an IRS Form 8621 has been filed does not have to be reported on IRS Form 8938, however, U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their acquisition, ownership and disposition of our ordinary shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Any statement in this Transition Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Transition Report the contract or document is deemed to modify the description contained in this Transition Report. You must review the exhibits themselves for a complete description of the contract or document.

We are subject to the reporting requirements of foreign private issuers under the Exchange Act. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the form and content of proxy statements and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. Pursuant to the Exchange Act, we file reports with the SEC, including this Transition Report. We also submit reports to the SEC, including Form 6-K Reports of Foreign Private Issuers. You may read and copy such reports at the SEC's public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Such reports are also available to the public on the SEC's website at www.sec.gov. Some of this information may also be found on our website at www.vivopower.com.

You may request copies of our reports, at no cost, by writing, emailing, or telephoning us as follows:

VivoPower International PLC
Attention: Art Russell
Unit 3.02, 411-413 Oxford Street
London W1C 2PE
United Kingdom

Email: shareholders@vivopower.com

Telephone: +44-751-360-5012

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency rates, although we also have some exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Foreign Exchange Risk

The majority of our sales are denominated in Australian dollars and U.S. dollars, with the majority of our costs and expenses are denominated in Australian dollar, British pounds, and U.S. dollars. Most of our cash and cash equivalents and restricted cash are denominated in Australian dollars. Therefore, fluctuations in currency exchange rates may have a significant impact on our financial stability.

Fluctuations in exchange rates, particularly between the U.S. dollar, Australian dollar and British pound sterling, may result in fluctuations in foreign exchange gains or losses. As of June 30, 2019, we held \$6.2 million (March 31, 2019, \$5.9 million; 2018: \$5.3 million; 2017: \$5.2 million) in accounts receivable, of which \$6.1 million (March 31, 2019, \$5.8 million; 2018: \$5.2 million; 2017: \$3.6 million) were denominated in Australian dollars and \$nil (March 31, 2019, \$nil; 2018: \$nil; 2017: \$1.6 million) were denominated in British pounds sterling.

We have not entered into any hedging transactions to reduce the foreign exchange rate fluctuation risks but may do so in the future when we deem it appropriate to do in light of the significance of such risks. However, if we decide to hedge our foreign exchange exposure in the future, we cannot assure you that we will be able to reduce our foreign currency risk exposure in an effective manner, at reasonable costs, or at all. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Industry— We are exposed to foreign currency exchange risks because certain of our operations are located in foreign countries".

Our financial statements are expressed in U.S. dollars, while some of our subsidiaries use different functional currencies, such as the Australian dollar and British pound sterling. The value of your investment in our common shares will be affected by the foreign exchange rate between the U.S. dollar and other currencies used by our subsidiaries. To the extent we hold assets denominated in currencies other than U.S. dollars, any appreciation of such currencies against the U.S. dollar will likely result in an exchange gain while any depreciation will likely result in an exchange loss when we convert the value of these assets into U.S. dollar equivalent amounts. On the other hand, to the extent we have liabilities denominated in currencies other than U.S. dollars, any appreciation of such currencies against the U.S. dollar will likely result in an exchange loss while any depreciation will likely result in an exchange gain when we convert the value of these liabilities into U.S. dollar equivalent amounts. These and other effects on our financial condition resulting from the unfavorable changes in foreign currency exchange rates could have a material adverse effect on the market price of our common shares, the dividends we may pay in the future, and your investment.

Interest Rate Risk

Our interest rate risk relates primarily to variable-rate restricted cash, bank balances and short-term working capital borrowings. It is our policy to keep borrowings for longer than one-year at fixed rates so as to minimize the interest rate risk. Our management reasonably believes that a change in interest rate to the relevant financial instruments will not result in material changes to our financial position or results of operations.

Credit Risk

Our credit risk primarily relates to our trade and other receivables, restricted cash, bank balances and amounts due from related parties. We generally grant credit only to clients and related parties with good credit ratings and also closely monitors overdue debts. In this regard, we consider that the credit risk arising from our balances with counterparties is significantly reduced.

In order to minimize credit risk, we have a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. We will negotiate with the counterparties of the debts for settlement plans or changes in credit terms, should the need arise. In this regard, we consider that our credit risk is significantly reduced.

Liquidity Risk

Our liquidity risk management framework is intended to ensure that we maintain sufficient funds to meet our obligations as they become due, and as part of our framework we continuously monitor our liquidity and cash resources and seek to maintain sufficient cash using cash flows generated by our business activities, debt arrangements and other resources. We continuously review forecasted cash flows to ensure our businesses have sufficient cash resources and liquidity to meet their obligations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**A. Debt Securities**

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

Our Interim Chief Executive Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of June 30, 2019, has concluded that, as of such date, our disclosure controls and procedures were effective and ensured that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Interim Chief Executive Officer, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

(b) Management's annual report on internal control over financial reporting.

The Company's management, including the Company's Interim Chief Executive Officer, are responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and, provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Under the supervision and with the participation of our management, including our Interim Chief Executive Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of the end of the period covered by this Transition Report on Form 20-F. Based on that assessment, our management has concluded that as of June 30, 2019, our internal control over financial reporting was effective.

Because of their inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(c) Attestation report of the registered public accounting firm.

Not applicable.

(d) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the period covered by this Transition Report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [Reserved]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See "Item 6. Directors, Senior Management and Employees – C. Board Practices - *Audit and Risk Committee*." Our Audit and Risk Committee consists of Shimi Shah and Peter Semol. Our board of directors determined that since December 28, 2017, none of the members of the Audit and Risk Committee satisfied Nasdaq's definition of financial sophistication or qualifies as an "audit committee financial expert" as defined under rules and regulations of the SEC. Accordingly, on July 18, 2018, the board of directors appointed Kevin Chin as a non-voting observer member of the Audit and Risk Committee. The board of directors has determined that Kevin Chin satisfies Nasdaq's definition of financial sophistication and also qualifies as an "audit committee financial expert" as defined under rules and regulations of the SEC.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that is applicable to all of our employees, executive officers and directors. The Code of Business Conduct and Ethics is available on our website at www.vivopower.com. Our board of directors is responsible for overseeing the Code of Business Conduct and Ethics and approving any waivers of the Code of Business Conduct and Ethics for employees, executive officers and directors. We expect that any amendments to the Code of Business Conduct and Ethics, or any waivers of its requirements, will be disclosed on our website.

VivoPower became certified as a B Corp in April 2018. Consistent with this certification, the shareholders approved changes to the Articles of Association of the Company at the last annual general meeting on August 20, 2018, to include:

- (i) the purposes of the Company are to promote the success of the Company for the benefit of its members as a whole and, through its business and operations, to have a material positive impact on society and the environment, taken as a whole;
- (ii) in exercising the powers of the Company, a Director shall have regard to, among other matters, stakeholder interests such as:
 - a. the likely consequences of any decision in the long term;
 - b. the interests of the Company's employees;
 - c. the need to foster the Company's business relationships with suppliers, customers and others;
 - d. the impact of the Company's operations on the community and the environment;
 - e. the desirability of the Company maintaining a reputation for high standards of business conduct; and,
 - f. the need to act fairly as between members of the Company.

As a B Corp, the Company is committed to continuously improve its B Corp score and deliver on the B Corp triple bottom line of Planet, People and Profit.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed or incurred by PKF Littlejohn LLP for audit, audit-related, tax and all other services rendered for the three months ended June 30, 2019 and years ended March 31, 2019, 2018, and 2017.

(US dollars in thousands)	Three Months Ended June 30		Year Ended March 31		
	2019	2019	2018	2017	
Audit fees	\$ 97	\$ 253	\$ 414	\$ 246	
Audit-related fees	-	26	-	57	
Tax fees	-	28	13	-	
All other fees	-	-	-	-	
All other fees	\$ 97	\$ 307	\$ 427	\$ 303	

Audit Fees

PKF Littlejohn LLP were re-appointed auditors for the three months ended June 30, 2019 and year ended March 31, 2019. The audit fees of \$97,000 and \$253,260 represent for the fees of PKF Littlejohn LLP and related firms for audit of June 30, 2019, and March 31, 2019 financial statements.

The audit fees of \$414,011 for the year ended March 31, 2018, represent \$240,392 for the fees of PKF Littlejohn LLP and related firms for audit of 2018 financial statements. The remaining \$173,619 relates to the audit fees of Whitley Penn LLP for the audit of subsidiary and investee entities.

The audit fees of \$242,462 for the year ended March 31, 2017, represent \$175,000 for the fees of PKF Littlejohn LLP for the audit of the 2017 financial statements. The remaining \$71,462 relates to the audit fees of Marcum LLP for the audit of the 2016 financial statements.

Audit-Related Fees

The audit related fees for the year ended March 31, 2019 were for audit of local statutory accounts for some Australian subsidiaries. There were no audit-related fees charged by PKF Littlejohn LLP for the year ended March 31, 2018. Audit related fees for the year ended March 31, 2017, represent costs incurred for review of the Company's registration statement on Form F-4 by PKF Littlejohn LLP.

Tax Fees

For the year ended March 31, 2019, PKF Littlejohn LLP charged \$27,932 (2018: \$13,000) for preparation of corporate tax returns for some Australian subsidiaries.

Pre-Approval Policies for Non-Audit Services

The Audit and Risk Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. These policies generally provide that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit and Risk Committee or the engagement is entered into pursuant to the pre-approval procedure described below.

The Audit and Risk committee pre-approves all auditing services and the terms of non-audit services, but only to the extent that the non-audit services are not prohibited under applicable law and the committee determines that the non-audit services do not impair the independence of the independent registered public accounting firm. In situations where it is impractical to wait until the next regularly scheduled quarterly meeting, the chairman of the Audit and Risk Committee has been delegated authority to approve audit and non-audit services. The chairman is required to report any approvals to the full committee at its next scheduled meeting.

From time to time, the Audit and Risk Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount. Any proposed services exceeding pre-approved amounts will also require separate pre-approval by the Audit and Risk Committee.

ITEM 16D. EXEMPTION FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a U.K. incorporated company, we are subject to applicable laws of England and Wales including the Companies Act 2006. In addition, as a foreign private issuer listed on The Nasdaq Capital Market, we are subject to the Nasdaq corporate governance listing standards. However, the Nasdaq Capital Market's listing standards provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of the Nasdaq rules, with certain exceptions.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Financial statements are filed as part of this Transition Report, starting on page F-1.

ITEM 18. FINANCIAL STATEMENTS

Financial statements are filed as part of this Transition Report, starting on page F-1.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	Articles of Association (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-4 (File No. 333-213297), filed with the SEC on August 24, 2016).
4.1	Employment Agreement dated July 13, 2016, by and between VivoPower USA, LLC and Carl Weatherley-White (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form F-4 (File No. 333-213297), filed with the SEC on August 24, 2016).
4.2	Amended and Restated Operating Agreement between Innovative Solar Ventures I LLC, VivoPower (USA) Development LLC and Innovative Solar LLC, effective as of April 17, 2017 (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 20-F (File No. 001-37974, filed with the SEC on August 1, 2017). *
4.3	Omnibus Incentive Plan, adopted September 5, 2017 (incorporated by reference to Appendix A to the Notice of Annual General Meeting 2017 filed as Exhibit 99.1 on Form 6-K (File No. 001-37974), filed with the SEC on July 31, 2017).
4.4	Loan Agreement, dated January 25, 2018, between VivoPower USA, LLC and Solar Tide, LLC (incorporated by reference to Exhibit 4.11 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on July 18, 2018).
4.5	Membership Interest Purchase Agreement, dated May 25, 2018, by and between VivoPower US-NC-31, LLC, VivoPower US-NC-47, LLC, NES US NC-31, LLC, and NES US NC-47, LLC (incorporated by reference to Exhibit 4.12 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on July 18, 2018).
4.6	Bridge Loan Agreement, dated May 25, 2018, between VivoPower USA, LLC and New Energy Solar US Corp (incorporated by reference to Exhibit 4.13 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on July 18, 2018).
4.7	Secondment Agreement dated November 24, 2017 between VivoPower International Services Limited and Arowana International UK Limited (incorporated by reference to Exhibit 4.14 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on July 18, 2018).
4.8	Secondment Agreement dated November 5, 2018 between VivoPower International Services Limited and Arowana International UK Limited (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on July 12, 2019)
8	List of Subsidiaries.
11	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 11 to the Annual Report on Form 20-F (File No. 001-37974), filed with the SEC on August 1, 2017).
12.1	Certification of Interim Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Interim Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Independent Registered Public Accounting Firm
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Confidential treatment has been requested or granted for certain portions omitted from this Exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Transition Report on its behalf.

Date: August 23, 2019

VIVOPOWER INTERNATIONAL PLC

By: /s/ Art Russell
Name: Art Russell
Title: Interim Chief Executive Officer

VIVOPOWER INTERNATIONAL PLC
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statement of Comprehensive Income for the Three Months Ended June 30, 2019, and the Years Ended March 31, 2019, 2018 and 2017	F-3
Consolidated Statement of Financial Position as of June 30, 2019, March 31, 2019, 2018 and 2017	F-4
Consolidated Statement of Cash Flow for the Three Months Ended June 30, 2019, and the Years Ended March 31, 2019, 2018 and 2017	F-5
Consolidated Statement of Changes in Equity (Deficit) for the Three Months Ended June 30, 2019 and the Years ended March 31, 2019, 2018 and 2017	F-6
Notes to Consolidated Financial Statements	F-7

Independent Auditor's Report to the Members of VivoPower International PLC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF VIVOPOWER INTERNATIONAL PLC

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of VivoPower International PLC and its subsidiaries (the "Company") as of June 30, 2019 and March 31, 2019, 2018 and 2017, and the related consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for each of the three months ended June 30, 2019 and each of the three years in the period ended March 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and March 31, 2019, 2018 and 2017, and the results of its operations and its cash flows for the three months ended June 30, 2019 and each of the three years in the period ended March 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditors since 2017.

/s/ PKF Littlejohn LLP

PKF Littlejohn LLP

August 21, 2019

1 Westferry Circus

Canary Wharf

London E14 4HD

Consolidated Statement of Comprehensive Income
for the three months ended June 30, 2019

(US dollars in thousands, except per share amounts)	Note	Three Months Ended June 30			
		2019		Year Ended March 31	
		2019	2018	2018	2017
Revenue from contracts with customers	4	\$ 13,617	\$ 39,036	\$ 33,647	\$ 32,250
Cost of sales		(11,960)	(32,726)	(28,524)	(4,977)
Gross profit		1,657	6,310	5,123	27,273
General and administrative expenses		(1,291)	(7,685)	(12,814)	(9,316)
(Loss)/gain on sale of assets	5	38	(2,615)	1,356	-
Depreciation of property, plant and equipment	11	(214)	(430)	(420)	(103)
Amortization of intangible assets	12	(223)	(990)	(840)	(548)
Operating (loss)/profit	6	(33)	(5,410)	(7,595)	17,306
Restructuring costs	7	(525)	(2,017)	(1,873)	-
Impairment of assets		-	-	(10,191)	-
Impairment of goodwill		-	-	(11,092)	-
Transaction costs	3	-	-	-	(5,800)
Finance income	9	-	4	9	13
Finance expense	9	(796)	(3,243)	(3,395)	(600)
(Loss)/profit before income tax		(1,354)	(10,666)	(34,137)	10,919
Income tax	10	(92)	(557)	6,258	(5,338)
(Loss)/profit for the period attributable to owners of the company		(1,446)	(11,223)	(27,879)	5,581
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences recognized directly in equity		(102)	(2,998)	222	599
Total comprehensive (loss)/income for the period attributable to owners of the company		\$ (1,548)	\$ (14,221)	\$ (27,657)	\$ 6,180
Earnings per share attributable to owners of the company (dollars)					
Basic	24	\$ (0.11)	\$ (0.83)	\$ (2.06)	\$ 0.73
Diluted	24	\$ (0.11)	\$ (0.83)	\$ (2.06)	\$ 0.73

All results are generated from continuing operations.

See notes to financial statements

Consolidated Statement of Financial Position
As at June 30, 2019

(US dollars in thousands)	Note	Three Months Ended June 30			
		2019	Year Ended March 31		
		2019	2018	2017	
ASSETS					
Non-current assets					
Property, plant and equipment	11	\$ 2,951	\$ 1,205	\$ 1,915	\$ 2,163
Intangible assets	12	31,762	32,366	36,402	46,320
Deferred tax assets	10	2,113	2,054	2,570	2,312
Other receivables		-	-	-	1,167
Investments	14	-	-	14,147	18,060
Total non-current assets		36,826	35,625	55,034	70,022
Current assets					
Cash and cash equivalents	15	7,129	4,522	1,939	10,970
Restricted cash	16	632	1,319	-	-
Trade and other receivables	17	14,992	10,399	7,903	19,844
Assets classified as held for sale	18	13,530	13,530	11,436	-
Total current assets		36,283	29,770	21,278	30,814
TOTAL ASSETS		\$ 73,109	\$ 65,395	\$ 76,312	\$ 100,836
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	19	\$ 24,639	\$ 17,923	\$ 14,082	\$ 8,262
Income tax liability		449	287	103	2,361
Provisions – current	20	1,718	1,710	2,470	1,339
Loans and borrowings	21	2,327	887	3,955	235
Total current liabilities		29,133	20,807	20,610	12,197
Non-current liabilities					
Loans and borrowings	21	19,359	18,380	18,385	20,020
Provisions	20	2,100	2,222	288	237
Deferred tax liabilities	10	1	1	26	3,776
Total non-current liabilities		21,460	20,603	18,699	24,033
Total liabilities		50,593	41,410	39,309	36,230
Equity					
Share capital	22	163	163	163	163
Share premium		40,215	40,215	40,215	40,215
Cumulative translation reserve		(2,279)	(2,177)	821	599
Other reserves	23	20,076	19,846	18,383	18,329
(Accumulated deficit)/retained earnings		(35,659)	(34,062)	(22,579)	5,300
Total Equity		22,516	23,985	37,003	64,606
TOTAL EQUITY AND LIABILITIES		\$ 73,109	\$ 65,395	\$ 76,312	\$ 100,836

These financial statements were approved by the Board of Directors on August 21, 2019, and were signed on its behalf by Kevin Chin.

See notes to financial statements

Consolidated Statement of Cash Flow
for the three months ended June 30, 2019

(US dollars in thousands)	Note	Three Months Ended June 30		Year Ended March 31	
		2019	2019	2018	2017
Cash flows from operating activities					
(Loss)/profit for the period		\$ (1,446)	\$ (11,223)	\$ (27,879)	\$ 5,581
Income tax		-	913	(6,258)	5,338
Finance income		-	(4)	(9)	-
Finance expense		796	3,243	3,395	600
Transaction costs		-	-	-	5,800
Impairment of goodwill		-	-	11,092	-
Impairment of assets		-	-	10,191	-
Depreciation of property, plant and equipment		214	430	420	103
Amortization of intangible assets		223	990	840	548
Loss/(gain) on sale of assets		(38)	2,615	(1,356)	-
Disposal of treasury shares	23	62	86	-	-
Increase in equity instruments	23	368	815	-	-
(Increase)/decrease in trade and other receivables		(4,593)	(2,543)	11,457	(21,007)
Increase in trade and other payables		6,716	3,841	5,822	8,074
(Decrease)/increase in provisions		(114)	(728)	1,182	1,339
Net cash from/(used in) operating activities		2,188	(1,565)	8,897	6,376
Cash flows from investing activities					
Interest received	9	-	4	9	13
Proceeds on sale of property plant and equipment	5	-	464	2,297	-
Purchase of property plant and equipment	11	(400)	(348)	(1,101)	(94)
Investment in capital projects		-	(245)	(17,823)	(18,060)
Proceeds on sale of capital projects	5	84	11,981	-	-
Acquisitions		-	-	-	(10,080)
Cash acquired received from acquisitions		-	-	-	1,485
Net cash from/(used in) investing activities		(316)	11,856	(16,618)	(26,736)
Cash flows from financing activities					
Finance lease borrowings	21	-	-	519	-
Finance lease repayments	21	(63)	(304)	(181)	-
Financing agreements proceeds	21	-	4,000	2,000	330
Financing agreements repayments	21	-	(6,000)	-	-
Debtor finance borrowings	21	150	751	-	-
Loans from related parties	21	766	-	770	19,818
Repayment of loans from related parties	21	-	(1,520)	-	-
Repayment of bank loan	21	-	-	(1,023)	-
Finance expense	9	(796)	(3,243)	(3,395)	-
Transfer from/(to) restricted cash	16	687	(1,319)	-	-
Funds received from issuing shares		-	-	-	167
Costs from listing		-	-	-	(11,469)
Funds received from listing		-	-	-	22,456
Net cash from/(used in) financing activities		744	(7,635)	(1,310)	31,302
Net (decrease)/increase in cash and cash equivalents		2,616	2,656	(9,031)	10,942
Cash and cash equivalents at the beginning of the period	15	4,522	1,939	10,970	28
Effect of exchange rate movements on cash held		(9)	(73)	-	-
Cash and cash equivalents at the end of the period	15	\$ 7,129	\$ 4,522	\$ 1,939	\$ 10,970

See notes to financial statements

Consolidated Statement of Changes in Equity
for the three months ended June 30, 2019

(US dollars in thousands)	Share Capital	Share Premium	Share Subscription Receivable	Cumulative Translation Reserve	Other Reserves	Retained Earnings (Accumulated Deficit)	Total
At April 1, 2016	\$ 72	\$ -	\$ (72)	\$ -	\$ -	\$ (281)	\$ (281)
Total comprehensive income for the year	-	-	-	599	-	5,581	6,180
Redenomination of share capital	(4)	-	-	-	-	-	(4)
Issue of new shares	95	40,215	72	-	-	-	40,382
Equity instruments	-	-	-	-	25,072	-	25,072
Capital raising costs	-	-	-	-	(9,722)	-	(9,722)
Share option reserve	-	-	-	-	3,713	-	3,713
Purchase of treasury shares	-	-	-	-	(592)	-	(592)
Other reserves	-	-	-	-	(142)	-	(142)
	91	40,215	72	599	18,329	5,581	64,887
At March 31, 2017	163	40,215	-	599	18,329	5,300	64,606
Total comprehensive loss for the year	-	-	-	222	-	(27,879)	(27,657)
Other reserves	-	-	-	-	54	-	54
	-	-	-	222	54	(27,879)	(27,603)
At March 31, 2018	163	40,215	-	821	18,383	(22,579)	37,003
Total comprehensive loss for the year	-	-	-	(2,998)	-	(11,223)	(14,221)
Equity instruments	-	-	-	-	1,1018	-	1,1018
Disposal of treasury shares	-	-	-	-	1,346	(260)	1,86
Other reserves	-	-	-	-	1,99	-	1,99
	-	-	-	(2,998)	1,463	(11,483)	(13,018)
At March 31, 2019	163	40,215	-	(2,177)	19,846	(34,062)	23,985
Change in accounting policy (see Note 2.16)	-	-	-	-	-	20	20
Restated at April 1, 2019	163	40,215	-	(2,177)	19,846	(34,042)	24,005
Total comprehensive loss for the year	-	-	-	(102)	-	(1,446)	(1,548)
Equity instruments	-	-	-	-	(3)	-	(3)
Disposal of treasury shares	-	-	-	-	233	(171)	62
	-	-	-	(102)	230	(1,617)	(1,489)
At June 30, 2019	\$ 163	\$ 40,215	\$ -	\$ (2,279)	\$ 20,076	\$ (35,659)	\$ 22,516

For further information on "Other Reserves" please see Note 23.

See notes to financial statements

1. Reporting entity

VivoPower International PLC ("VivoPower" or the "Company") is a public company limited by shares and incorporated under the laws of England and Wales and domiciled in the United Kingdom. The address of the Company's registered office is 7th Floor, 9 Berkeley Street, London, United Kingdom W1J 8DW.

In July 2019, the Board of Directors of the Company adopted a resolution to change the Company's fiscal year end from 31 March to 30 June, commencing June 30, 2019. Moving forward, this allows the Company to align reporting periods with all of its Australian operations and majority shareholder, Arowana International Limited. Accordingly, these consolidated financial statements contain three-month transitional financial statements as at and for the three months ended June 30, 2019. Any amounts shown as at and for the three months ended 30 June 2018 are unaudited.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The ultimate parent company into which these results are consolidated is Arowana International Limited.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

VivoPower International PLC consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements with adopted IFRS requires the use of critical accounting estimates. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The financial statements have been prepared on a going concern basis, as the directors believe the Company will be able to meet its liabilities as they fall due.

As at June 30, 2019, the Company had unrestricted cash totaling \$7.1 million, compared to \$4.5 million as at March 31, 2019 and \$1.9 million as at March 31, 2018.

During the period ended June 30, 2019, the Company reduced general and administrative expenses within the Solar Development and Corporate segments by a further \$2.0 million on an annualized basis, in comparison to the year ended March 31, 2019, and has plans to implement further reductions going forward. The Company's Critical Power Services segment represented by J.A. Martin Electrical Pty Limited and Kenshaw Electrical Pty Limited produced \$1.1 million EBITDA for the three months ended June 30, 2019 and is expected to continue to perform at or above this level going forward.

The Company is also engaged in a financing initiative with respect to these businesses which is expected to release the restricted cash of \$0.6 million and provide up to \$1.0 million of additional working capital. Lastly, the Company is actively engaged in a process to enhance value with a view to selling its investment in the ISS Joint Venture, with \$13.5 million classified as assets held for sale; this investment is expected to be realized in cash over the next 12 months. The Directors believe these actions provide sufficient cash to support business operations and meet obligations as they become due through August 2020.

To ensure success of the business, the directors have prepared and reviewed additional plans to mitigate any cash flow risk that may arise during the next twelve months. These actions include the implementation of further operational cost reductions and a further sale of assets as required.

Based on the foregoing, the directors believe that the Company is well placed to manage its business risk successfully, despite some current economic and political uncertainty. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis in preparing these financial statements.

All financial information presented in US dollars has been rounded to the nearest thousand.

2.2 Basis of consolidation

The consolidated financial statements include those of VivoPower International PLC and all of its subsidiary undertakings.

Subsidiary undertakings are those entities controlled directly or indirectly by the Company. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of the subsidiaries acquired are included in the consolidated Statement of Comprehensive Income from the date of acquisition using the same accounting policies of those of the Group. All business combinations are accounted for using the purchase method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognized in the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group balances and transactions, including any unrealized income and expense arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity invested investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Joint arrangements

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. VivoPower has assessed the nature of its joint arrangement and determined it to be a joint venture, which is accounted for using the equity method.

2.3 Intangible assets

All intangible assets, except goodwill, are stated at fair value less accumulated amortization and any accumulated impairment losses. Goodwill is not amortized and is stated at cost less any accumulated impairment losses.

Goodwill

Goodwill arose on the effective acquisition of VivoPower Pty Limited and Aevitas Group Limited ("Aevitas"). Goodwill is reviewed annually to test for impairment.

Other intangible assets

Intangible assets acquired through a business combination are initially measured at fair value and then amortized over their useful economic lives.

Amortization is calculated on a straight-line basis to write down the assets over their useful economic lives at the following rates:

Customer relationships – 10 years
Trade names – 15 - 25 years
Favorable supply contracts – 15 years
Databases – 5 years

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and the costs directly attributable to bringing the asset into use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major components) of property, plant and equipment.

Depreciation is calculated on a straight-line basis so as to write down the assets to their estimated residual value over their useful economic lives at the following rates:

Computer equipment - 3 years
Fixtures and fittings - 3 years
Motor vehicles - 5 years
Plant and equipment – 3.5 to 10 years
Right-of-use assets – remaining term of lease: 2 months to 6 years

2.5 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognized for any subsequent write-down of the asset to fair value less costs to sell.

2.6 Leases

The Group leases offices, workshops, motor vehicles, and equipment for fixed periods of 2 months to 6 years, but may have extension options. Extension options are not recognized by the Group in the determination of lease liabilities unless renewals are reasonably certain.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until March 31, 2019, leases of property, plant and equipment were classified as either finance leases or operating leases, as further described below. From April 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group has applied IFRS 16 using the modified retrospective approach.

Assets and liabilities arising from a lease are initially measured on a present value basis, with lease payments discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. The Group presents lease liabilities in loans and borrowings in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are presented in property, plant and equipment and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Prior to April 1, 2019, leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. Assets held under finance leases were initially recognized as property, plant and equipment at an amount equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the lease, and then depreciated over their useful economic lives. Lease payments were apportioned between the repayment of capital and interest. The capital element of future lease payments was included in the Statement of Financial Position as a liability. Interest was charged to the Statement of Comprehensive Income so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases were charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives were recognized as a reduction in the rental expense over the lease term.

2.7 Impairment of non-financial assets

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The recoverable amount of the cash-generating unit ('CGU') to which the goodwill relates is tested annually for impairment or when events or changes to circumstances indicate that it might be impaired.

The carrying values of property, plant and equipment, investments and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired.

In an impairment test the recoverable amount of the cash-generating unit or asset is estimated in order to determine the existence or extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows. All impairment losses are recognized in the Statement of Comprehensive Income.

An impairment loss in respect of goodwill is not reversed. In the case of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. These impairment losses are reversed if there has been any change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent so that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Financial instruments

Financial assets and liabilities are recognized in the Group's Statement of Financial Position when the Group becomes a party to the contracted provision of the instrument. The following policies for financial instruments have been applied in the preparation of the consolidated financial statements.

From April 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and,
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and,
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Cash and cash equivalents

For the purpose of preparation of the Statement of Cash Flow, cash and cash equivalents includes cash at bank and in hand.

Restricted cash

Restricted cash are cash and cash equivalents whose availability for use within the Group is subject to certain restrictions by third parties.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received. Direct issue costs paid on the establishment of loan facilities are recognized over the term of the loan on a straight-line basis. The initial payment is taken to the Statement of Financial Position and then amortized over the full-length of the facility.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for the expected future issue of credit notes and for non-recoverability due to credit risk. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics. In the year ended March 31, 2018, the impairment was based on the incurred loss model.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at amortized cost using the effective interest method.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognized as equity is repurchased as equity by the Company the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity, and excluded from the number of shares in issue when calculating earnings per share.

2.9 Taxation

Income tax expense comprises current and deferred tax.

Current tax is recognized based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary timing differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Liabilities are recorded on all temporary differences except in respect of initial recognition of goodwill and in respect of investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted by the end of the accounting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, they relate to income taxes levied by the same tax authority and the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Current and deferred tax are recognized in the Statement of Comprehensive Income, except when the tax relates to items charged or credited directly to equity, in which case it is dealt with directly in equity.

2.10 Provisions

Provisions are recognized when the Group has a present obligation because of a past event, it is probable that the Group will be required to settle that obligation, and it can be measured reliably.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the date of Statement of Financial Position.

Where the time value of money is material, provisions are measured at the present value of expenditures expected to be paid in settlement.

2.11 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares, excluding the shares held as treasury shares. Currently there are no diluting effects on EPS for ordinary shares, therefore, diluted EPS is the same as basic EPS.

2.12 Foreign currencies

The Company's functional and presentational currency is the US dollar. Items included in the separate financial statements of each Group entity are measured in the functional currency of that entity. Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rates of exchange prevailing at the dates of the individual transactions. Foreign currency monetary assets and liabilities are translated at the rates of exchange prevailing at the end of the reporting period.

Exchange gains and losses arising are charged to the Statement of Comprehensive Income within finance income or expenses. The Statement of Comprehensive and Statement of Financial Position of foreign entities are translated into US dollars on consolidation at the average rates for the period and the rates prevailing at the end of the reporting period respectively. Exchange gains and losses arising on the translation of the Group's net investment foreign entities are recognized as a separate component of shareholders' equity.

Foreign currency denominated share capital and related share premium and reserve accounts are recorded at the historical exchange rate at the time the shares were issued or the equity created.

2.13 Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, value-added tax, other sales related taxes, and after the elimination of sales within the Group.

Revenue comprises development revenues, electrical installations, electrical servicing and maintenance and generator sales. Revenue is recognized upon satisfaction of contractual performance obligations.

The Company adopted IFRS 15 "Revenue from Contracts with Customers" with effect from the date of incorporation.

The Group has a number of different revenue streams and the key components in determining the correct recognition are as follows:

Development revenue, which is revenue generated from development services relating to the building and construction of solar projects, is recognized on a percentage completion basis as the value is accrued by the end user over the life of the contract. The periodic recognition is calculated through weekly project progress reports.

On longer-term power services projects such as large-scale equipment provision and installation, the performance obligation of completing the installation is satisfied over time, and revenue is recognized on a percentage completion basis using an input method. Revenue for stand-alone equipment sales is recognized at the point of passing control of the asset to the customer. Other revenue for small jobs and those completed in a limited timeframe are recognized when the job is complete.

Warranties are of short duration and only cover defective workmanship and defective materials. No additional services are committed to which generate a performance obligation.

No adjustment is made for the effects of financing, as the Group expects, at contract inception, that the period between when the goods and services are transferred to the customer and when the customer pays, will be one year or less.

If the revenue recognized for goods and services rendered by the Company exceeds amounts that the Company is entitled to bill the customer, a contract asset is recognized. If amounts billed exceed the revenue recognized for goods and services rendered, a contract liability is recognized.

Incremental costs of obtaining a contract are expensed as incurred.

2.14 Employee benefits

Pension

The employer pension contributions are associated with defined contribution schemes. The costs are therefore recognized in the month in which the contribution is incurred, which is consistent with recognition of payroll expenses.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be reliably measured.

Short-term compensated absences

A liability for short-term compensated absences, such as holiday, is recognized for the amount the Group may be required to pay because of the unused entitlement that has accumulated at the end of the reporting period.

2.15 Restructuring costs

Restructuring costs are by nature one-time incurrences and do not represent the normal trading activities of the business and accordingly are disclosed separately on the consolidated statement of comprehensive income in accordance with IAS 1 in order to draw them to the attention of the reader of the financial statements. Restructuring costs are defined in accordance with IAS 37 as being related to sale or termination of a line of business, closure of business locations, changes in management structure, or fundamental reorganizations.

2.16 New standards, amendments and interpretations

During the current period, the Group adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on April 1, 2019. Their adoption did not have a material impact on the financial position of the Group, with the exception of IFRS 16 – *Leases*.

Effective April 1, 2019, the Group adopted the provisions of IFRS 16 – *Leases* on a modified retrospective basis, recognizing the cumulative effect of initial application to opening retained earnings for the period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. The Group used the following practical expedients when applying IFRS 16:

- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right of use asset at the date of initial application; and
- Apply a single discount rate to a portfolio of leases with similar characteristics.

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

(US dollars in thousands)	
Property, plant, and equipment	1,586
Lease liability – current	(587)
Lease liability – non-current	(979)
Adjustment to opening retained earnings as at April 1, 2019	20

The adoption of IFRS 16 did not have a material impact on leases previously recorded as finance leases.

There are no other IASB and IFRIC standards that have been issued with an effective date after the date of the financial statements.

3. Significant accounting judgements and estimates

In preparing the consolidated financial statements, the directors are required to make judgements in applying the Group's accounting policies and in making estimates and making assumptions about the future. These estimates could have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the future financial periods. The critical judgements that have been made in arriving at the amounts recognized in the consolidated financial statements are discussed below.

3.1 Revenue from contracts with customers – determining the timing of satisfaction of services

As disclosed in Note 2.13 the Group concluded that solar development revenue and revenue from other long-term projects is recognized over time as the customer simultaneously receives and consumes the benefits provided. The Group determined that the percentage completion basis is the best method in measuring progress because there is a direct relationship between the Group's effort and the transfer of services to the customer. The judgement used in applying the percentage completion basis affects the amount and timing of revenue from contracts.

3.2 Impairment of non-financial assets

The carrying values of property, plant and equipment, investments and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired. Goodwill is tested annually for impairment or when events or changes to circumstances indicate that it might be impaired.

To assess impairment, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and risks specific to the related cash-generating unit. Judgement was applied in making estimates and assumptions about the future cash flows, including the appropriateness of discounts rates applied, as further disclosed in Note 12.

3.3 Operating profit/(loss)

In preparing the consolidated financial statements of the Group, judgement was applied with respect to those items which are presented in the consolidated statement of comprehensive income as included within operating profit/(loss). Those revenues and expenses which are determined to be specifically related to the on-going operating activities of the business are included within operating profit/(loss). Expenses or charges to earnings which are not related to operating activities, are one-time costs determined to be not representative of the normal trading activities of the business, or that arise from revaluation of assets, are reported below operating profit/(loss).

3.4 Transaction related costs

The transaction related costs were incurred by the business in preparation for the entry onto Nasdaq. The costs incurred were recharged costs from Arowana International Limited including legal, accounting and professional fees in relation to our operations in the United States. The costs by nature are one-off, and therefore, have no bearing on the financial performance of the business. To enable comparability in future periods the costs are disclosed separately on the face on the Statement of Comprehensive Income.

3.5 Income taxes

In recognizing income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of the income tax assets and liabilities will be recorded in the period in which such determination is made. The carrying values of income tax assets and liabilities are disclosed separately in the consolidated Statement of Financial Position.

3.6 Deferred tax assets

Deferred tax assets for unused tax losses amounting to \$1.005 million at June 30, 2019 (March 31, 2019: \$1.005 million; 2018: \$1.585 million) are recognized to the extent that it is probable that sufficient taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

3.7 Share option reserve

As part of the Initial Public Offering Listing, VivoPower issued an amended and restated unit purchase option (UPO) replacing the options issued by Arowana Inc. The options are viewed as a share-based award granted to Early Bird Capital. The cost of the award is recognized directly in equity and is applied against capital raising costs. As the option holder has the right to receive shares in VivoPower international PLC the share-based payment transaction would be equity settled. The fair value of the options was determined at the grant date, using the Black Scholes Model, and not remeasured subsequently. As the options have no vesting conditions the related expense was recognized immediately.

3.8 Convertible preference shares and loan notes

As part of the IPO listing process VivoPower acquired Aevitas. The instruments previously issued by Aevitas were restructured to become convertible into VivoPower shares. The Company considered IAS 32 paragraph 16 in determining the accounting treatment. The Company has determined the instruments to be treated as equity under the "fixed-for-fixed" rule meaning that both the amount of consideration received/receivable and the number of equity instruments to be issued must be fixed for the instrument to be classified as equity. Both elements are satisfied within the instruments.

4 Revenue and segmental information

The Group determines and presents operating segments based on the information that is provided internally to the Board of Directors, which is the Group's chief operating decision maker.

The Group considers that it has three reportable segments: Critical Power Services, Solar Development, and Corporate Office. Critical Power Services is represented by J.A. Martin Electrical Pty Limited ("J.A. Martin") and Kenshaw Electrical Pty Limited ("Kenshaw") operating in Australia with a focus on the design, supply, installation and maintenance of power and control systems. Solar Development is the development and sale of commercial and utility scale PV solar power projects in Australia and the U.S. Corporate Office is all United Kingdom based corporate functions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including any revenues and expenses that relate to the transactions with any of the Group's other components. Operating segments results are reviewed regularly by the Board of Directors to assess its performance and make decisions about resources to be allocated to the segment, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

4.1 Revenue

Revenue by geographic location is as follows:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Australia	13,507	37,889	31,985	5,705
United States	110	1,147	1,662	24,945
United Kingdom	-	-	-	1,600
Total revenue	13,617	39,036	33,647	32,250

Revenue by product and service is as follows:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Electrical products and related services	13,484	37,799	31,631	5,615
Development fees	-	90	828	24,555
Other revenue	133	1,147	1,188	2,080
Total revenue	13,617	39,036	33,647	32,250

The Group had one customer representing more than 10% of revenue for the three months ended June 30, 2019 (year ended March 31, 2019: one; 2018: none). Revenue recognized for this customer amounted to \$6.0 million in the Critical Power Services segment.

4.2 Operating segments

a) Segment results of operations

Results of operations by reportable segment are as follows:

Three Months Ended June 30, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue from contracts with customers	13,484	133	-	13,617
Costs of sales	(11,864)	(96)	-	(11,960)
Gross profit	1,620	37	-	1,657
General and administrative expenses	(567)	(206)	(518)	(1,291)
Gain/(loss) on sale of assets	5	41	(8)	38
Depreciation and amortization	(422)	(14)	(1)	(437)
Operating profit/(loss)	636	(142)	(527)	(33)
Restructuring costs	(15)	(39)	(471)	(525)
Finance expense - net	(358)	(49)	(389)	(796)
Profit/(loss) before income tax	263	(230)	(1,387)	(1,354)
Income tax	(92)	-	-	(92)
Loss for the period	171	(230)	(1,387)	(1,446)

Year Ended March 31, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	37,800	1,236	-	39,036
Costs of sales	(32,317)	(409)	-	(32,726)
Gross profit	5,483	827	-	6,310
General and administrative expenses	(2,823)	(2,148)	(2,714)	(7,685)
Loss on sale of assets	(30)	(2,585)	-	(2,615)
Depreciation and amortization	(1,272)	(140)	(8)	(1,420)
Operating profit/(loss)	1,358	(4,046)	(2,722)	(5,410)
Restructuring costs	(8)	7	(2,016)	(2,017)
Finance expense - net	(1,354)	(221)	(1,664)	(3,239)
Profit/(loss) before income tax	(4)	(4,260)	(6,402)	(10,666)
Income tax	(572)	15	-	(557)
Loss for the year	(576)	(4,245)	(6,402)	(11,223)

Year Ended March 31, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	31,807	1,840	-	33,647
Costs of sales	(27,482)	(1,042)	-	(28,524)
Gross profit	4,325	798	-	5,123
General and administrative expenses	(2,173)	(6,468)	(4,173)	(12,814)
Gain on sale of assets	213	1,143	-	1,356
Depreciation and amortization	(1,233)	(19)	(8)	(1,260)
Operating profit/(loss)	1,132	(4,546)	(4,181)	(7,595)
Restructuring costs	(335)	(964)	(574)	(1,873)
Impairment of assets	-	(10,191)	-	(10,191)
Impairment of goodwill	-	(11,092)	-	(11,092)
Finance expense - net	(1,283)	(400)	(1,703)	(3,386)
Loss before income tax	(486)	(27,193)	(6,458)	(34,137)
Income tax	(85)	6,291	52	6,258
Loss for the year	(571)	(20,902)	(6,406)	(27,879)

Year Ended March 31, 2017 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Revenue	5,614	26,636	-	32,250
Costs of sales	(4,948)	(29)	-	(4,977)
Gross profit	666	26,607	-	27,273
General and administrative expenses	(598)	(4,544)	(4,174)	(9,316)
Gain on sale of assets	-	-	-	-
Depreciation and amortization	(646)	(4)	(1)	(651)
Operating (loss)/profit	(578)	22,059	(4,454)	17,306
Transaction costs	-	-	(5,800)	(5,800)
Finance expense - net	(363)	(174)	(50)	(587)
(Loss)/profit before income tax	(941)	21,885	(10,025)	10,919
Income tax expense	294	(6,078)	446	(5,338)
(Loss)/profit for the year	(647)	15,807	(9,579)	5,581

b) Segment net assets

Net assets by reportable segment are as follows:

As at June 30, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Assets	45,881	26,534	694	73,109
Liabilities	(21,171)	(5,766)	(23,656)	(50,593)
Net assets	24,710	20,768	(22,962)	22,516

As at March 31, 2019 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Assets	35,472	29,538	385	65,395
Liabilities	(13,603)	(6,085)	(21,722)	(41,410)
Net assets	21,869	23,453	(21,337)	23,985

As at March 31, 2018 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Assets	34,421	41,270	621	76,312
Liabilities	(6,473)	(11,101)	(21,735)	(39,309)
Net assets	27,948	30,169	(21,114)	37,003

As at March 31, 2017 (US dollars in thousands)	Critical Power Services	Solar Development	Corporate Office	Total
Assets	24,268	42,235	34,333	100,836
Liabilities	(4,620)	(27,858)	(3,752)	(36,230)
Net assets	19,648	14,377	30,581	64,606

5. **Gain/(loss) on sale of assets**

The gain on sale of assets for the three months ended June 30, 2019, arose principally on the sale of Australian solar assets.

The loss on sale of assets for the year-ended March 31, 2019, totaling \$2.6 million, is comprised of a \$1.9 million provision for onerous contracts related to future obligations to purchase Solar Renewable Energy Certificates ("SRECs") from the NC Projects, discontinued solar development projects in the ISS Joint Venture (\$0.8 million), and a correction to the gain on the sale of Amaroo solar project reported in the prior year (\$0.3 million), offset by a gain on sale of the NC Projects (\$0.4 million).

On May 25, 2018, the Company sold its 14.5% and 10.0% equity interests in the NC-31 and NC-47 projects, respectively, to the majority investor at the fair market value of these projects. The proceeds of sale, net of transaction costs, were \$11.4 million. A gain on sale of \$0.4 million was realized after the impairment recognized in the prior year.

6. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Amortization of intangible assets	223	990	840	548
Depreciation of property, plant and equipment	214	430	420	103
Operating lease costs – land and buildings	-	548	304	174
Operating lease costs – motor vehicles	-	65	-	-
Operating lease costs – other equipment	-	33	-	-
Gain/(loss) on foreign exchange	-	-	59	-
Auditors' remuneration – audit fees	97	253	414	246
Auditors' remuneration – audit related services	-	26	-	57
Auditors' remuneration – tax services	-	28	13	-
Directors emoluments	104	611	1,131	1,705
Gain/(loss) on disposal of assets	38	(2,615)	1,356	-

7. Restructuring costs

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Corporate restructuring – workforce reduction	-	102	734	-
Corporate restructuring – professional fees	518	1,776	566	-
Corporate restructuring – terminated projects	7	139	573	-
Total	525	2,017	1,873	-

Restructuring costs by nature are one-time incurrences, and therefore, do not represent normal trading activities of the business. These costs are disclosed separately in order to draw them to the attention of the reader of the financial information and enable comparability in future periods.

During a prior fiscal period, the Board undertook a strategic restructuring of our business to align operations, personnel, and business development activities to focus on a fewer number of areas of activity. Associated with this restructuring was the departure of a number of employees and contractors from the business. The workforce reduction cost represents the total salary, benefit, severance, and contract costs paid in the year or accruing to these individuals in the future for which no services will be rendered to the Company. Professional fees represent legal fees incurred to resolve certain disputes related to some of these separations in both the current and prior year. Terminated projects are the costs incurred related to solar business development activities in Asia for which the decision was made not to proceed for economic reasons.

8. **Staff numbers and costs**

The average number of employees (including directors) during the period was:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Sales and Business Development	9	9	9	5
Central Services & Management	31	32	37	12
Production	139	138	148	26
Total	179	179	194	43

Their aggregate remuneration costs comprised:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Salaries, wages and incentives	3,310	14,327	14,299	5,605
Social security costs	213	1,044	834	398
Pension contributions	185	788	848	196
Short-term compensated absences	406	1,254	996	403
Total	4,114	17,413	16,977	6,602

Directors' emoluments for the three months ended June 30, 2019 were \$103,925 (year ended March 31, 2019: \$611,450; 2018: \$1,130,570) of which the highest paid director received \$62,136 (year ended March 31, 2019: \$254,084; 2018: \$407,682). Director emoluments include employer social security costs.

Key Management Personnel:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Salaries, wages and incentives	388	2,354	2,281	3,014
Social security costs	28	176	217	194
Pension contributions	13	45	64	39
Equity incentives	27	130	-	-
Short-term compensated absences	-	-	13	101
Total	456	2,705	2,575	3,348

Key management personnel are those below the Board level that have a significant impact on the operations of the business. The number of key management personnel, including directors for the three months ended June 30, 2019 was 10 (March 31, 2019: 10; 2018: 11).

9. **Finance income and expense**

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Finance income				
Interest received	-	4	9	13

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Finance expense				
Related party loan interest payable	387	1,588	1,636	171
Convertible loan notes and preference shares interest payable	307	1,284	1,220	358
Financing agreement finance cost payable	-	206	217	-
Debtor invoice finance cost payable	51	164	-	-
Finance lease interest payable	22	1	55	-
Bank interest payable	6	-	17	5
Provisions – unwinding of discount	42	-	-	-
Foreign exchange losses	(19)	-	93	2
Other finance costs	-	-	157	58
Total finance expense	796	3,243	3,395	600

10. **Income tax expenses**

(a) **Tax charge**

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Current tax				
UK corporation tax	-	29	(29)	-
Foreign tax	(162)	(217)	2,279	(2,361)
Total current tax	(162)	(188)	2,250	(2,361)
Deferred tax				
Current year				
UK corporation tax	-	267	(370)	451
Foreign tax	70	(636)	4,378	(3,428)
Total deferred tax	70	(369)	4,008	(2,977)
Total income tax	(92)	(557)	6,258	(5,338)

The difference between the total tax charge and the amount calculated by applying the weighted average corporation tax rates applicable to each of the tax jurisdictions in which the Group operates to the profit before tax is shown below.

(US dollars in thousands)	Three Months Ended June 30	Year Ended March 31		
	2019	2019	2018	2017
(Loss)/profit before income tax	(1,353)	(10,666)	(34,137)	10,919
Group weighted average corporation tax rate	22.0%	21.8%	22.8%	20.0%
Tax at standard rate	297	2,325	7,772	(2,184)
Effects of:				
Expenses that are not deductible for tax purposes	(49)	41	(3,872)	(20)
Adjustment to prior year tax provisions	-	(64)	2,358	-
Deferred tax assets not recognized on tax losses	(340)	(2,859)	-	-
Tax rates of subsidiaries operating in other jurisdictions	-	-	-	(3,108)
Change in tax rates	-	-	-	(26)
Total income tax for the period Recognized in the Consolidate Statement of Comprehensive Income	(92)	(557)	6,258	(5,338)

(b) Deferred tax

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Deferred tax assets	2,113	2,054	2,570	2,312
Deferred tax liabilities	(1)	(1)	(26)	(3,776)
Net deferred tax asset/(liability)	2,112	2,053	2,544	(1,464)

These assets and liabilities are analyzed as follows:

Deferred tax assets	Tax losses	Other timing differences	Total
April 1, 2016	-	-	-
Credit/(charged) to comprehensive income	739	-	739
Acquisition	1,573	-	1,573
March 31, 2017	2,312	-	2,312
Credit/(charged) to comprehensive income	(727)	985	258
March 31, 2018	1,585	985	2,570
Credit/(charged) to comprehensive income	(580)	64	(516)
March 31, 2019	1,005	1,049	2,054
Credit/(charged) to comprehensive income	-	59	59
June 30, 2019	1,005	1,108	2,113

Deferred tax liabilities	Accelerated allowances	Other timing differences	Total
April 1, 2016	-	-	-
Credit/(charged) to comprehensive income	(13)	(3,763)	(3,776)
March 31, 2017	(13)	(3,763)	(3,776)
Credit/(charged) to comprehensive income	5	3,745	3,750
March 31, 2018	(8)	(18)	(26)
Credit/(charged) to comprehensive income	7	18	25
March 31, 2019	(1)	-	(1)
Credit/(charged) to comprehensive income	-	-	-
June 30, 2019	(1)	-	(1)

Deferred tax has been recognized in the current period using the tax rates applicable to each of the tax jurisdictions in which the Group operates. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

11. Property, plant and equipment

(US dollars in thousands)	Computer Equipment	Motor Vehicles	Plant & Equipment	Fittings & Equipment	Right-of-Use Assets	Total
Cost						
At April 1, 2016	3	-	-	-	-	3
Additions	34	44	16	-	-	94
Acquisition	488	1,588	1,876	167	-	4,119
At March 31, 2017	525	1,632	1,892	167	-	4,216
Foreign exchange	3	10	12	1	-	26
Additions	121	437	537	6	-	1,101
Disposals	(7)	(82)	(921)	-	-	(1,010)
At March 31, 2018	642	1,997	1,520	174	-	4,333
Foreign exchange	(46)	(148)	(112)	(13)	-	(319)
Additions	73	55	205	15	-	348
Disposals	(126)	(275)	(584)	-	-	(985)
At March 31, 2019	543	1,629	1,029	176	-	3,377
Change in accounting policy (Note 2.16)	-	(371)	-	-	2,152	1,781
Restated at April 1, 2019	543	1,258	1,029	176	2,152	5,158
Foreign exchange	(5)	(13)	(11)	(2)	(20)	(51)
Additions	7	45	222	16	110	400
Disposals	-	(8)	-	-	-	(8)
At June 30, 2019	545	1,282	1,240	190	2,242	5,499
Depreciation						
At April 1, 2016	-	-	-	-	-	-
Charge for the year	24	45	31	3	-	103
Acquisition	303	982	619	46	-	1,950
At March 31, 2017	327	1,027	650	49	-	2,053
Foreign exchange	2	6	4	-	-	12
Charge for the year	97	203	107	13	-	420
Disposals	(4)	(63)	-	-	-	(67)
At March 31, 2018	422	1,173	761	62	-	2,418
Foreign exchange	(34)	(93)	(59)	(5)	-	(191)
Charge for the year	89	222	106	12	-	430
Disposals	(97)	(223)	(165)	-	-	(486)
At March 31, 2019	380	1,079	644	68	-	2,172
Change in accounting policy (Note 2.16)	-	(123)	-	-	318	195
Restated at April 1, 2019	380	956	645	68	318	2,367
Foreign exchange	(3)	(12)	(7)	-	(3)	(25)
Charge for the period	27	1	17	6	163	214
Disposals	-	(8)	-	-	-	(8)
At June 30, 2019	404	937	655	74	478	2,548
Net book value						
At March 31, 2017	198	605	1,242	118	-	2,163
At March 31, 2018	220	824	759	112	-	1,915
At March 31, 2019	163	550	383	108	-	1,205
At June 30, 2019	141	344	585	116	1,764	2,951

12. Intangible assets

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Goodwill	22,387	22,622	24,482	30,393
Other intangible assets	9,375	9,744	11,920	15,927
Total	31,762	32,366	36,402	46,320

(a) Goodwill

Goodwill arose on the purchase of Aevitas O Holdings Limited and VivoPower Pty Limited on December 29, 2016.

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
As at April 1	22,622	24,482	30,393	-
Revaluations	-	-	3,597	-
Goodwill previously not recognized	-	-	627	-
Impairment	-	-	(11,092)	-
Reclassifications	-	-	138	-
Additions	-	-	-	30,024
Foreign exchange	(235)	(1,860)	819	369
Carrying value at March 31	22,387	22,622	24,482	30,393

The carrying amounts of goodwill by Cash Generating Unit ("CGU") are as follows:

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Aevitas O Holdings Limited (allocated to the Critical Power Services segment)	12,571	12,884	13,949	9,800
VivoPower Pty Limited (allocated to the Solar Development segment)	9,636	9,738	10,533	20,593
Total	22,387	22,622	24,482	30,393

The Group conducts impairment tests on the carrying value of goodwill annually, or more frequently if there are any indications that goodwill might be impaired. The recoverable amount of the Cash Generating Unit ("CGU") to which goodwill has been allocated are determined from value in use calculations. The key assumptions in the calculations are the discount rates applied, expected operating margin levels and long-term growth rates. Management estimates discount rates that reflect the current market assessments while margins and growth rates are based upon approved budgets and related projections.

The Group prepares cash flow forecasts using the approved budgets for the coming financial year and management projections for the following two years. Cash flows are also projected for subsequent years as management believe that the investment is held for the long term. These budgets and projections reflect management's view of the expected market conditions and the position of the CGU's products and services within those markets.

The CGU represented by Aevitas O Holdings Limited and VivoPower PTY Limited were assessed to have a value in excess of its respective carrying value and hence no additional adjustments to goodwill were considered necessary. Key assumptions used in the assessment of the CGU's were:

- Aevitas O Holdings Limited: discount rate was based on the weighted average cost of capital of 8.8% (March 31, 2019: 8.8%; 2018: 9.2%; 2017: 8.3%); and,
- VivoPower PTY Limited: discount rate was based on the weighted average cost of capital of 11.0% (March 31, 2019: 11.0%; 2018: 12.1%; 2017: 10.6%), increased by a further 3% after the first year.

No sensitivity analysis is provided as the Company expects no foreseeable changes in the assumptions that would result in impairment of the goodwill.

(b) Other Intangible assets

(US dollars in thousands)	Customer Relationships	Trade Names	Favorable Supply Contracts	Databases	Other	Total
Cost						
At April 1, 2016	-	-	-	-	-	-
Additions	9,953	2,488	2,488	734	812	16,475
At March 31, 2017	9,953	2,488	2,488	734	812	16,475
Foreign exchange	139	63	126	4	-	332
Revaluation	(4,293)	129	1,963	(584)	(812)	(3,597)
Additions	-	-	-	-	98	98
At March 31, 2018	5,799	2,680	4,577	154	98	13,308
Foreign exchange	(439)	(204)	(348)	(12)	(11)	(1,013)
Disposals	(263)	-	-	-	(72)	(335)
At March 31, 2019	5,097	2,476	4,229	142	16	11,960
Foreign exchange	(55)	(26)	(44)	(1)	-	(126)
Additions	-	-	-	-	12	12
Disposals	(50)	-	-	-	-	(50)
At June 30, 2019	4,992	2,450	4,185	141	28	11,796

Amortization						
At April 1, 2016	-	-	-	-	-	-
Amortization	347	43	122	36	-	548
At March 31, 2017	347	43	122	36	-	548
Amortization	330	194	284	32	-	840
At March 31, 2018	677	237	406	68	-	1,388
Foreign exchange	(75)	(22)	(38)	(6)	-	(141)
Amortization	483	169	289	49	-	990
Disposals	(21)	-	-	-	-	(21)
At March 31, 2019	1,064	384	657	111	-	2,216
Foreign exchange	(6)	(4)	(7)	(1)	-	(18)
Amortization	100	41	70	12	-	223
At June 30, 2019	1,158	421	720	122	-	2,421

Net book value						
At March 31, 2017	9,606	2,445	2,366	698	812	15,927
At March 31, 2018	5,122	2,443	4,171	86	98	11,920
At March 31, 2019	4,033	2,092	3,572	31	16	9,744
At June 30, 2019	3,834	2,029	3,465	19	28	9,375

Customer relationships, trade names and favorable supply contracts have an average remaining period of amortization of 10 years, 13 years and 13 years respectively.

13. Investment in subsidiaries

The principal operating undertakings in which the Group's interest at June 30, 2019 is 20% or more are as follows:

Subsidiary undertakings	Percentage of shares held	Registered address
VivoPower International Services Limited	100%	28 Esplanade, St Helier, Jersey, JE2 3QA
VivoPower USA, LLC	100%	251 Little Falls Drive, Wilmington, DE, USA 19808
VivoRex, LLC	100%	
VivoPower US-NC-31, LLC	100%	
VivoPower US-NC-47, LLC	100%	
VivoPower (USA) Development, LLC	100%	
Innovative Solar Ventures I, LLC	50%	

VivoPower Pty Limited	100%	153 Walker St, North Sydney NSW, Australia 2060
VivoPower WA Pty Limited	100%	
VVP Project 1 Pty Limited	100%	
Amaroo Solar Pty Limited	100%	
SC Tco Pty Limited	100%	
SC Hco Pty Limited	100%	
SC Fco Pty Limited	100%	
SC Oco Pty Limited	100%	
VVPR-ITP TopCo Pty Limited	50%	
VVPR-ITP ProjectCo 1 Pty Limited	20%	
Aevitas O Holdings Pty Limited	100%	
Aevitas Group Limited	99.9%	
Aevitas Holdings Pty Limited	100%	
Electrical Engineering Group Pty Limited	100%	
JA Martin Electrical Limited	100%	
Kenshaw Electrical Pty Limited	100%	36, UOB Plaza 1, 80 Raffles Pl, Singapore 048624
VivoPower Singapore Pte Limited	100%	Unit 10A, Net Lima Building, 5th Avenue cor. 26th Street, E-Square Zone, Crescent Park West, Bonifacio Global City, Taguig, Metro Manila
VivoPower Philippines Inc.	64%	
VivoPower RE Solutions Inc.	64%	
V.V.P. Holdings Inc. *	40%	

* V.V.P. Holdings Inc. is controlled of VivoPower Singapore Pte Limited notwithstanding only owning 40% of the ordinary share capital.

14. Investments

(US dollars in thousands)	% Owned	As at June 30 2019	As at March 31		
			2019	2018	2017
Innovative Solar Ventures I, LLC	50%	-	-	14,147	-
US-NC-31 Sponsor Partner, LLC	14.45%	-	-	-	10,529
US-NC-47 Sponsor Partner, LLC	10%	-	-	-	7,531
Total		-	-	14,147	18,060

In April 2017, the Company entered into a 50% joint venture with an early-stage solar development company, Innovative Solar Systems, LLC, to develop a diversified portfolio of 38 utility-scale solar projects in 9 different states, representing a total electricity generating capacity of approximately 1.8 gigawatts, through an investment entity called Innovative Solar Ventures I, LLC (the "ISS Joint Venture"). The joint venture was accounted for as an investment under the equity method at March 31, 2018.

Under the terms of the ISS Joint Venture, the Company has committed to invest \$14.2 million in the ISS Joint Venture for its 50% equity interest, after reducing the commitment by \$0.8 million in potential brokerage commissions that have not been required and which have been credited towards the Company's commitment. The \$14.2 million commitment is allocated to each of the projects based on monthly capital contributions determined with reference to completion of specific project development milestones under an approved development budget for the ISS Joint Venture. To June 30, 2019, the Company contributed \$13.1 million of the \$14.2 million commitment to the ISS Joint Venture, leaving a remaining capital commitment at June 30, 2019, of \$1.1 million, which is recorded in trade and other payables.

During the year ended March 31, 2019, the Company made the decision to sell its portfolio of solar projects held within the ISS Joint Venture. Accordingly, the investment has been reclassified to current assets as asset held for sale, as more fully disclosed in Note 18.

15. **Cash and cash equivalents**

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Cash at bank and in hand	7,129	4,522	1,939	10,970

The credit ratings of the counterparties with which cash was held are detailed in the table below.

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
A+	252	17	891	8,161
A	233	14	69	468
AA-	6,644	4,491	979	2,341
Total	7,129	4,522	1,939	10,970

16. **Restricted cash**

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Bank guarantee security deposit	632	816	-	-
Preferred supplier agreement escrow	-	503	-	-
Total	632	1,319	-	-

At June 30, 2019, there is a total of \$0.6 million (March 31, 2019: \$0.8 million) of cash which is subject to restriction as security for bank guarantees provided to customers in support of performance obligations under power services contracts.

In 2017, a third-party U.S.-based solar EPC firm contributed \$0.5 million to the Company's initial investment in the ISS Joint Venture, in consideration for a right to provide certain engineering services to the project. As the expected services were not awarded on a timely basis, it was agreed that the deposit would be paid into escrow and subsequently returned to the EPC firm.

17. **Trade and other receivables**

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Current receivables				
Trade receivables	6,193	5,899	5,333	5,248
Contract assets	3,929	1,800	120	13,183
Prepayments	2,919	628	391	563
Other receivables	1,951	2,072	2,059	722
Related party receivable	-	-	-	128
Total	14,992	10,399	7,903	19,844
Non-current receivables				
Loan due from associate	-	-	-	549
Other receivables	-	-	-	618
Total	-	-	-	1,167

In accordance with IFRS 15, contract assets are presented as a separate line item. The Company has not recognized any loss allowance for contract assets.

Analysis of trade receivables:

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Trade and other receivables	6,195	5,929	5,335	5,250
Less: credit note provision	(2)	(30)	(2)	(2)
Total	6,193	5,899	5,333	5,248

The maximum exposure to credit risk for trade receivables by geographic region was:

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
USA	108	78	129	-
United Kingdom	-	-	12	1,600
Australia	6,085	5,821	5,192	3,648
Total	6,193	5,899	5,333	5,248

The aging of the trade receivables, net of provisions is:

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
0-90 days	6,093	5,765	5,326	5,092
Greater than 90 days	100	134	7	156
Total	6,193	5,899	5,333	5,248

18. Assets classified as held for sale

(US dollars in thousands)	% Owned	As at June 30	As at March 31		
		2019	2019	2018	2017
Innovative Solar Ventures I, LLC	50%	13,530	13,530	-	-
US-NC-31 Sponsor Partner, LLC	14.45%	-	-	6,595	-
US-NC-47 Sponsor Partner, LLC	10%	-	-	4,841	-
Total		13,530	13,530	11,436	-

As more fully disclosed in Note 14, the Company's portfolio of U.S. solar projects is held through 50% ownership in Innovative Solar Ventures I, LLC (the "ISS Joint Venture"). During the year ended March 31, 2019, the Company made the decision to sell its portfolio of U.S. solar projects and accordingly, the investment has been reclassified to current assets as assets held for sale. Assets classified as held for sale are included within the Solar Development segment in Note 4.2.

Reconciliation of the ISS Joint Venture investment is as follows (March 31, 2018 comparative amount is disclosed within Investments, see Note 14):

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Capital commitment	15,044	15,044	14,904	-
Commission credit	(770)	(770)	(757)	-
Discontinued projects	(848)	(848)	-	-
Acquisition costs	104	104	-	-
Net assets	13,530	13,530	14,147	-

The table below provides summarized financial information for the ISS Joint Venture. The information disclosed reflects the amounts presented in the financial statements of ISS Joint Venture, amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy. The summarized financial information for the ISS Joint Venture does not represent the Company's share of those amounts.

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Current assets	1,187	1,187	1,373	-
Non-current assets	27,107	27,107	26,921	-
Net assets	28,294	28,294	28,294	-

No summarized statement of comprehensive income has been presented as there were no movements in comprehensive income in the period (March 31, 2019: nil; 2018: nil).

Reconciliation to carrying amounts of the ISS Joint Venture (2018 comparative amount is disclosed within Investments, see Note 14):

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Opening net assets	28,294	28,294	-	-
Initial investment	-	-	29,808	-
Commission credit	-	-	(1,514)	-
Net assets	28,294	28,294	28,294	-
VivoPower share in %	50%	50%	50%	-
VivoPower share in \$	14,148	14,148	14,147	-
Commission credit	(721)	(721)	-	-
Acquisition costs	103	103	-	-
Net Assets	13,530	13,530	14,147	-

19. Trade and other payables

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Trade payables	5,554	5,675	3,806	2,158
Accruals	2,247	1,952	3,008	1,297
Related party payable	1,527	1,378	1,838	1,445
Payroll liabilities	1,209	1,165	504	1,972
Sales tax payable	1,054	764	310	412
Contract liabilities	10,095	4,978	1,544	305
Other creditors	2,953	2,011	3,072	81
Treasury shares (see Note 23 for further details)	-	-	-	592
Total	24,639	17,923	14,082	8,262

In accordance with IFRS 15 contract liabilities are presented as a separate line item. Contract liabilities relate to the Company's obligation to transfer goods or services to customers for which the Company has received consideration (or the amount is due) from customers. Contract liabilities are recorded as revenue when the Company fulfils its performance obligations under the contract.

All contract liabilities balances at 31 March 2019, except for \$2.4 million, were recognized as revenue in the three months ended 30 June 2019. All contract liabilities balances at 31 March 2018 and 2017 were recognized as revenue in the year ended 31 March 2019 and 2018, respectively.

20. Provisions

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Current provisions				
Employee entitlements	1,510	1,459	1,474	1,339
Employee terminations	112	157	616	-
Onerous contracts	96	94	380	-
	1,718	1,710	2,470	1,339
Non-current provisions				
Employee entitlements	148	227	288	237
Onerous contracts	1,952	1,995	-	-
	2,100	2,222	288	237
Total	3,818	3,932	2,758	1,576

Employee entitlements include long term leave and vacation provisions.

The employee terminations provision represents severance and contract termination costs associated with employees and contractors who departed the business as a result of the restructuring more fully disclosed in Note 7.

The onerous contracts provision recognizes the forecast losses associated with contracts to purchase Solar Renewable Energy Certificates from the NC-31 and NC-47 projects until 2027. The expected losses have been discounted at the Company's borrowing rate on long-term debt of 8.5%.

(US dollars in thousands)	Employee Entitlements	Employee Terminations	Onerous Contracts	Total
At April 1, 2016	-	-	-	-
Acquired through business Combinations	1,576	-	-	1,576
At March 31, 2017	1,576	-	-	1,576
Charged/(credited) to profit or loss:				
Additional provisions recognized	186	616	380	1,182
At March 31, 2018	1,762	616	380	2,758
Foreign exchange	(140)	-	-	(140)
Charged/(credited) to profit or loss:				
Additional provisions	510	243	1,804	2,557
Reverse unused provisions	(26)	(87)	-	(113)
Provisions utilized	(420)	(614)	(96)	(1,130)
At March 31, 2019	1,686	158	2,088	3,932
Foreign exchange	(18)	-	-	(18)
Charged/(credited) to profit or loss:				
Additional provisions	146	-	-	146
Reverse unused provisions	(41)	-	-	(41)
Unwinding of discount	-	-	42	42
Provisions utilized	(116)	(45)	(82)	(243)
At June 30, 2019	1,657	113	2,048	3,818

21. Loans and borrowings

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Current liabilities				
Debtor invoice financing	901	751	-	-
Lease liabilities	660	136	285	145
Shareholder loans	766	-	1,670	-
Financing agreement	-	-	2,000	-
Bank loan	-	-	-	90
	2,327	887	3,955	235
Non-current liabilities				
Lease liabilities	1,117	138	293	95
Shareholder loan	18,242	18,242	18,092	18,992
Bank loan	-	-	-	933
Total	19,359	18,380	18,385	20,020
Total	21,686	19,267	18,385	20,255

In August 2018, the Company secured a \$3.6 million (AUS\$ million) debtor finance facility to support the growing working capital requirements of its critical power services businesses. The facility is secured by a fixed charge over the debtors' book and floating charge over all other assets of J.A. Martin Electrical Pty Limited and Kenshaw Electrical Pty Limited.

The current shareholder loan is due to Arowana International Limited ("Arowana"), the Company's majority shareholder, bears interest at 10.0% per annum paid monthly in arrears and is unsecured. Repayment is due as restricted cash held for bank guarantee security is released, as disclosed in Note 16.

The non-current shareholder loan is also due to Arowana, bears interest at 8.5% per annum paid monthly in advance, and is unsecured. No repayment of principal is required until July 2020, and then is repayable in 21 equal monthly instalments. Terms of the loan require that 50% of the net proceeds from sale of more than \$10 million of the ISS Joint Venture or any critical power services business also be directed to loan repayment.

The obligations under lease liabilities are as follows:

(US dollars in thousands)	Minimum lease payments				Present value of minimum lease payments			
	As at June 30 2019	As at March 31			As at June 30 2019	As at March 31		
		2019	2018	2017		2019	2018	2017
Amounts payable under finance leases:								
Less than one year	692	147	291	165	660	136	285	145
Later than one year but not more than five	1,299	143	327	107	1,117	138	293	95
	1,991	290	618	272	1,777	274	578	240
Future finance charges	(214)	(16)	(40)	(32)	-	-	-	-
Total obligations under finance lease	1,777	274	578	240	1,777	274	578	240

22. **Called up share capital**

(US dollars)	As at June 30 2019	As at March 31		
		2019	2018	2017
Allotted, called up and fully paid				
Ordinary shares of \$0.012 each	\$ 162,689	\$ 162,689	\$ 162,689	\$ 162,689
Number allotted	13,557,376	13,557,376	13,557,376	13,557,376
Ordinary shares of \$0.012 each	162,689	162,689	162,689	162,689

	No. of shares
At April 1, 2016	5,514,375
Issue of new shares	8,043,001
At April 1, 2017	13,557,376
Issue of new shares	-
At March 31, 2018	13,557,376
Issue of new shares	-
At March 31, 2019	13,557,376
Issue of new shares	-
At June 30, 2019	13,557,376

23. **Other reserves**

(US dollars in thousands)	As at June 30 2019	As at March 31		
		2019	2018	2017
Equity instruments	26,087	26,090	25,072	25,072
Share option reserve	3,713	3,713	3,713	3,713
Capital raising costs	(9,722)	(9,722)	(9,722)	(9,722)
Treasury shares	(13)	(246)	(592)	(592)
Foreign exchange	11	11	(88)	(142)
Total	20,076	19,846	18,383	18,329

Equity instruments are convertible preference shares and convertible loan notes in Aevitas Group Limited ("Aevitas Group") which must convert to shares of VivoPower at \$10.20 per share no later than 30 June 2021. The Company has classified these instruments as equity under the "fixed-for-fixed" rule meaning that both the amount of consideration received/receivable and the number of equity instruments to be issued is fixed.

There are 2,473,367 convertible preference shares outstanding with a face value of AU\$3.00 per share and mature on June 30, 2021. The value held in reserves of AU\$10,515,382 represents their face value plus the dividends accrued to March 31, 2019. Convertible preference shares are subordinated to all creditors of Aevitas Group, rank equally amongst themselves, and rank in priority to ordinary shares of Aevitas Group.

There are 2,473,367 convertible loan notes outstanding with a face value of AU\$7.00 per share and mature on June 30, 2021. The value held in reserves of AU\$23,806,189 represents their face value plus the dividends accrued to March 31, 2019. The convertible loan notes rank equally with the unsecured creditors of Aevitas Group.

Dividends or interest is payable quarterly in arrears at a rate of 7% on the capitalized value to December 29, 2016, the date at which they became convertible to VivoPower shares. At maturity, or if a trigger event such as a change of control of Aevitas Group or VivoPower, a listing event, or a disposal of substantially all of the assets of Aevitas Group has occurred, the convertible preference shares and convertible loan notes in Aevitas Group convert to VivoPower ordinary shares at a price of US\$10.20 per share

In connection with the acquisition of Aevitas Group, the Company entered into a guarantee of the obligations of Aevitas Group under the terms of the preference shares and loan notes.

The share option reserve represents 828,000 share options granted to Early Bird Capital as part of the initial public share offering. The options entitle the holder to buy VivoPower ordinary shares at US\$8.70 at any time before April 30, 2020. The options were accounted for as a share-based award and accordingly, the cost of the award was recognized directly in equity and was applied against capital raising costs. The fair value of the options was determined at the grant date, using the Black Scholes Model, and not remeasured subsequently.

On March 30, 2017, the Company repurchased 129,805 shares at a price of \$4.50 for a total sum of \$591,911, including commission, and held them as treasury shares. During the year ended March 31, 2019, 75,805 of these shares were awarded to employees under the Company's 2017 Omnibus Incentive Plan. Based on the closing market value of these shares on the day of award, \$85,660 was expensed as employee compensation and remaining cost of \$260,011 was charged against retained earnings.

24. Earnings per share

The earnings and weighted average numbers of ordinary shares used in the calculation of earnings per share are as follows:

(US dollars in thousands)	Three Months Ended June 30 2019	Year Ended March 31		
		2019	2018	2017
Profit/(loss) for the year	(1,446)	(11,223)	(27,879)	5,581
Weighted average number of shares in issue ('000s)	13,557	13,557	13,557	7,624
Basic earnings/(loss) per share (dollars)	(0.11)	(0.83)	(2.06)	0.73
Diluted earnings/(loss) per share (dollars)	(0.11)	(0.83)	(2.06)	0.73

25. Contingencies

On February 26, 2018, the Company's former Chief Executive Officer, Phillip Comberg, filed a legal claim alleging the Company committed a repudiatory breach of his service agreement in connection with the termination of his employment on October 4, 2017. Mr. Comberg is claiming damages of £615,600 related to the notice period in his service agreement, £540,000 related to shares in the Company he alleges were due to him, and other unquantified amounts related to bonuses and past services fees alleged to be due. On April 9, 2018, the Company filed a defense and counterclaim, denying that a repudiatory breach was committed by the Company and denying the other claims asserted by Mr. Comberg, claiming that Mr. Comberg was terminated for cause.

On November 26, 2018, the Company agreed to a settlement of the counterclaims against Mr. Comberg for an undisclosed amount. No settlement has been reached with respect to Mr. Comberg's claim. The Company continues to strongly deny and defend the claim.

As the outcome of the litigation is uncertain, very much dependent upon uncertain future determinations by third parties, and the amount of any liability cannot be reliably measured, no provision has been made in these financial statements in respect of this matter.

26. Pensions

The Group's principal pension plan comprises the compulsory Superannuation scheme in Australia, where the Group contributes 9.5%. A new pension scheme was also established for UK employees during the year, where the Group contributes 3%. The pension charge for the period represents contributions payable by the Group which amounted to \$270,035 (year ended March 31, 2019: \$756,614; 2018: \$900,483; 2017: \$196,005).

27. **Financial instruments**

(US dollars in thousands)	As at June 30	As at March 31		
	2019	2019	2018	2017
Financial assets at amortized cost				
Trade and other receivables	8,144	7,971	7,392	20,448
Cash and cash equivalents	7,129	4,522	1,939	10,970
Restricted cash	632	1,319	-	-
Total	15,905	13,812	9,331	31,418
Financial liabilities at amortized cost				
Loans and borrowings	21,686	19,267	22,340	20,255
Trade and other payables	12,281	11,016	11,724	5,878
Total	33,967	30,283	34,064	26,133

The amounts disclosed in the above table for trade and other receivables and payables do not agree to the amount reported in the Company's consolidated statement of financial position as they exclude prepaid expenses, payroll and sale tax payables and contract assets and liabilities which do not meet the definition of financial assets or liabilities.

(a) Financial risk management

The Group's principal financial instruments are bank balances, cash and medium-term loans. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group also has other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Credit risk
- Interest rate risk
- Foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Policy for managing risks is set by the Chief Executive Officer and is implemented by the Group's finance department. All risks are managed centrally with a tight control of all financial matters.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group considers that it has no significant liquidity risk. The Group held unrestricted cash resources of \$7.1 million at June 30, 2019 (March 31, 2019: \$4.5 million; 2018: \$1.9 million). The ratio of current assets to current liabilities is 1.25 (March 31, 2019: 1.43; 2018: 1.03). During the year ended March 31, 2019, the Group established a \$3.6 million debtor finance facility to support its working capital requirements, of which only \$0.9 million was drawn at June 30, 2019 (March 31, 2019: \$0.8 million). In addition, the Group maintains near-term cash flow forecasts that enable it to identify its borrowings requirement so that remedial action can be taken if necessary.

Contractual maturities of financial liabilities, including interest payments, are as follows:

Three Months Ended June 30, 2019 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	12,281	12,281	-	-	-
Borrowings	23,397	3,859	19,538	-	-
Finance leases	1,991	692	1,077	222	-
Total	37,669	16,832	20,615	222	-

Year Ended March 31, 2019 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	11,016	11,016	-	-	-
Borrowings	22,480	2,556	19,924	-	-
Finance leases	290	147	143	-	-
Total	33,786	13,719	20,067	-	-

Year Ended March 31, 2018 (US dollars in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual maturity of financial liabilities					
Trade and other payables (financial liabilities)	11,724	11,724	-	-	-
Borrowings	25,896	5,498	14,111	6,287	-
Finance leases	619	291	328	-	-
Total	38,239	17,513	14,439	6,287	-

(c) Credit risk

The primary risk arises from the Group's receivables from customers and contract assets. The majority of the Group's customers are long standing and have been a customer of the Group for many years. Losses have occurred infrequently. The Group is mainly exposed to credit risks from credit sales, but the Group has no significant concentrations of credit risk and keeps the credit status of customers under review. Credit risks of customers of new customers are reviewed before entering into contracts. The debtor exposure is monitored by Group finance and the local entities review and report their exposure on a monthly basis.

The Group does not consider the exposure to the above risks to be significant and has therefore not presented a sensitivity analysis on the identified risks.

The credit quality of debtors neither past due nor impaired is good. Refer to Note 17 for further analysis on trade receivables.

(d) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities to which they relate, primarily with respect to GBP and USD, but also between USD and AUD.

The Group's investments in overseas subsidiaries are not hedged as those currency positions are either USD denominated and/or considered to be long-term in nature.

The Group is exposed to foreign exchange risk on \$14.0 million of trade and other receivables denominated in AUD and \$0.2 million denominated in GBP. In addition, the Group is exposed to foreign exchange risk on \$18.7 million of trade and other payables, of which \$16.4 million is denominated in AUD and \$2.3 million in GBP. In addition, the Group is exposed to foreign exchange risk on \$3.2 million of borrowing denominated in AUD.

The non-current shareholder loan of \$18.2 million is denominated in USD, and therefore, foreign currency risk is eliminated.

(e) Interest rate risk

As a result of the related party loan agreement the Group is exposed to interest rate volatility. However, the interest rate is fixed for the medium term, therefore, the risk is largely mitigated for the near future. The Group will continue to monitor the movements in the wider global economy.

28. Related party transactions

Arowana International Limited is the ultimate controlling party by virtue of its 60.3% shareholding in VivoPower. Kevin Chin, Chairman of VivoPower, is also Chief Executive of Arowana International Limited. During the period, a number of services were provided to the Group from Arowana and its subsidiaries ("Arowana"); the extent of the transactions between the two groups is listed below.

VivoPower is indebted to Arowana via a shareholder loan on normal commercial terms with interest at 8.5% per annum payable monthly in advance and is unsecured. No repayment of principal is required until July 2020, and then is repayable in 21 equal monthly instalments. Terms of the loan require that 50% of the net proceeds from sale of more than \$10 million of the ISS Joint Venture or any critical power services business also be directed to loan repayment. At June 30, 2019 the principal balance due to Arowana by VivoPower under this loan was \$18,242,636 (March 31, 2019: \$18,242,636; 2018: \$18,992,636).

VivoPower is indebted to Arowana via a shareholder loan on normal commercial terms with interest at 10.0% per annum payable monthly in arrears and principal repayable upon release of restricted cash held as bank guarantee security as disclosed in Note 16. At June 30, 2019 the principal balance due to Arowana by VivoPower under this loan was \$765,681 (March 31, 2019: nil; 2018: nil).

Directors fees for Kevin Chin in the amount of \$62,136 were charged to the Company by Arowana Partners Group Pty Limited, a company of which Mr. Chin is a shareholder and director, during the three months ended June 30, 2019. At June 30, 2019 the Company had an account payable to Arowana Partners Group Pty Limited of \$88,516 (March 31, 2019: \$47,990; 2018: \$42,188) in respect of these services.

Art Russell, Interim Chief Executive Officer, is employed by Arowana International UK Limited, a subsidiary of Arowana, and seconded to VivoPower; \$84,266 was charged to the Company during the three months ended June 30, 2019. At June 30, 2019 the Company had an account payable of \$116,923 (March 31, 2019: \$32,657; 2018: \$80,026) in respect of these services.

From time to time, costs incurred by Arowana on behalf of VivoPower are recharged to the Company. During the three months ended June 30, 2019, \$nil was recharged to the Company. At June 30, 2019, the Company has a payable to Arowana in respect of recharges of \$1,268,670 (March 31, 2019: \$1,268,670; 2018: \$1,802,003).

Aevitas is indebted to the following subsidiaries of Arowana via their holdings in Aevitas convertible loan notes, which are accounted for as equity instruments within other reserves, as more fully described in Note 23, and for which they earned \$170,924 of interest during the three months ended June 30, 2019. The outstanding amount represents the face value plus interest accrued to June 30, 2019:

- Arowana Australasian Special Situations 1A Pty Ltd: 666,666 Aevitas convertible loan notes with an outstanding amount of \$4,599,630;
- Arowana Australasian Special Situations 1B Pty Ltd: 666,667 Aevitas convertible loan notes with an outstanding amount of \$4,599,636; and,
- Arowana Australasian Special Situations 1C Pty Ltd: 666,667 Aevitas convertible loan notes with an outstanding amount of \$4,599,636.

Subsidiaries of Arowana hold the following convertible preferred shares of Aevitas, which are accounted for as equity instruments within other reserves, and for which they earned \$73,253 of dividends during the three months ended June 30, 2019. The outstanding amount represents the face value plus dividends accrued to June 30, 2019:

- Arowana Australasian Special Situations 1A Pty Ltd: 388,889 Aevitas convertible preferred shares with an outstanding amount of \$1,185,012;
- Arowana Australasian Special Situations 1B Pty Ltd: 388,889 Aevitas convertible preferred shares with an outstanding amount of \$1,185,012;
- Arowana Australasian Special Situations 1C Pty Ltd: 388,889 Aevitas convertible preferred shares with an outstanding amount of \$1,185,012; and,
- Arowana Australasian Special Situations Fund 1 Pty Limited: 833,333 Aevitas convertible preferred shares held with an outstanding amount of \$2,539,310.

Aevitas is indebted to The Panaga Group Trust, of which Mr. Kevin Chin is a beneficiary and one of the directors of the corporate trustee of such trust, who holds 4,500 Aevitas convertible loan notes with an outstanding amount of \$29,117 representing face value plus interest accrued to June 30, 2019 and earned interest of \$385 for the three months ended June 30, 2019.

Aevitas is also indebted to The Panaga Group Trust, who also holds 4,500 Aevitas convertible preferred shares with an outstanding amount of \$12,885 representing face value plus dividends accrued to June 30, 2019 and earned dividends of \$165 for the three months ended June 30, 2019.

29. Subsequent event

On July 2, 2019, the Company sold its 100% interest in VivoRex, LLC, for \$1 and recorded a gain for accounting purposes of \$2.276 million as a result of the disposal of onerous contract obligations of \$2.047 million and other liabilities of \$0.302 million, net of cash and other current assets of \$0.073 million. Results of operations for VivoRex, LLC, are reported within the Solar Development operating segment, as disclosed in Note 4.2, and for the three months ended June 30, 2019 accounted for \$0.1 million (year ended March 31, 2019: \$1.959 million; 2018: \$0.645 million) of the operating loss reported for this segment.

30. Key management personnel compensation

Key management personnel, which are those roles that have a Group management aspect to them are included in Note 9 to the consolidated financial statements.

31. Ultimate controlling party

The ultimate controlling party and the results into which these financials are consolidated is Arowana International Limited, a company registered in Australia.

32. Transition period comparative information (unaudited)

The condensed consolidated statement of operations for the three months ended June 30, 2018 is as follows:

	Three Months Ended June 30 2018 <i>(unaudited)</i>
(US dollars in thousands)	
Revenue from contracts with customers	9,111
Costs of sales	(7,446)
Gross profit	1,665
General and administrative expenses	(2,079)
Loss on sale of assets	(4)
Depreciation and amortization	(411)
Operating profit/(loss)	(829)
Restructuring costs	(40)
Finance expense - net	(842)
Profit/(loss) before income tax	(1,711)
Income tax	12
Loss for the period	(1,699)

The condensed consolidated statement of cash flow for the three months ended June 30, 2018 is as follows:

	Three Months Ended June 30 2018 <i>(unaudited)</i>
(US dollars in thousands)	
Cash flows from operating activities	
Loss for the period	(1,699)
Income tax	(12)
Finance expense - net	842
Depreciation and amortization	411
Loss on sale of assets	4
Increase in non-cash working capital	379
Net cash used in operating activities	(75)
Net cash from/(used in) investing activities	-
Cash flows from financing activities	
Repayment of related party loans	(770)
Finance lease repayments	(113)
Finance agreements proceeds	3,761
Finance agreements repayments	(2,000)
Finance expense – net	(842)
Cash flows from financing activities	36
Net decrease in cash and cash equivalents	(39)
Cash and cash equivalents at beginning of period	1,939
Cash and cash equivalents at end of period	1,900

SUBSIDIARIES OF THE REGISTRANT

<u>Name</u>	<u>Jurisdiction</u>
VivoPower International Services Limited	Jersey
VivoPower USA, LLC	United States
VivoPower (USA) Development, LLC	United States
VivoRex, LLC	United States
VivoPower US-NC-31, LLC	United States
VivoPower US-NC-47, LLC	United States
VivoPower Pty Limited	Australia
VivoPower WA Pty Limited	Australia
VVP Project 1 Pty Limited	Australia
Amaroo Solar Pty Limited	Australia
SC Tco Pty Limited	Australia
SC Hco Pty Limited	Australia
SC Fco Pty Limited	Australia
SC Oco Pty Limited	Australia
VVPR-ITP TopCo Pty Limited	Australia
VVPR-ITP ProjectCo 1 Pty Limited	Australia
Aevitas O Holdings Pty Limited	Australia
Aevitas Group Limited	Australia
Aevitas Holdings Pty Limited	Australia
Electrical Engineering Group Pty Limited	Australia
JA Martin Electrical Limited	Australia
Kenshaw Electrical Pty Limited	Australia
VivoPower Singapore Pte Limited	Singapore

CERTIFICATION

I, Art Russell, certify that:

1. I have reviewed this Transition Report on Form 20-F of VivoPower International PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the Transition Report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 23, 2019

By: /s/ Art Russell
Art Russell
Interim Chief Executive
(Principal Executive Officer)

**SECTION 1350 CERTIFICATION (CFO)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Transition Report on Form 20-F of VivoPower International PLC (the "Company") for the three month transition period from April 1, 2019, to June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Art Russell, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 23, 2019

By: /s/ Art Russell
Art Russell
Interim Chief Executive Officer
(Principal Executive Officer)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-227810) pertaining to the VivoPower International PLC 2017 Omnibus Equity Incentive Plan of our report dated August 21, 2019 with respect to the consolidated financial statements of VivoPower International PLC which appears in this Form 20-F.

/s/ PKF Littlejohn LLP

PKF Littlejohn LLP

August 23, 2019

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