

Appendix 4E

Summary Financial Report

Results for Announcement to the Market
For the financial year ended 30 June 2019

	Consolidated Group		Variance to prior year	
	Year ended 30 June 2019	Year ended 30 June 2018	\$'000	%
Revenues from ordinary activities	7,701	3,833	3,868	101%
Profit / (loss) after tax from ordinary activities attributable to members	(5,996)	(5,754)	(242)	(4%)
Net profit/ (loss) attributable to members	(5,996)	(5,168)	(828)	(16%)
Net tangible assets / (liabilities) per security (cents)	1.7	1.3		

Dividends and distributions

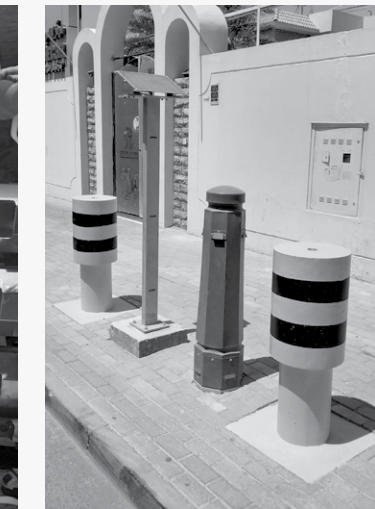
Details of any dividend or distribution reinvestment plans in operation: N/A

The company has not declared, and does not propose to pay, any dividends for year ended 30 June 2019.



2019 Annual Report





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Chairman's Letter



I am pleased to present the Annual Report for Envirosuite Limited and its subsidiaries (the Group) for the 2019 Financial Year. In last year's letter I said that we were preparing for the journey and now I am pleased to report that we are clearly on that journey as we seek to become the 'go-to' provider for environmental platform solutions for industry and governments globally.

I am very pleased with what the Group has accomplished in the last two years since we became a pureplay technology company. We are still in the very early days of our growth with less than a 1% market share of our identified market.

Year in Review

Our last year has been about growth. We set a high-level two-year target and budget at the commencement of the 2019 financial year to build the Group out to deliver steep revenue growth without compromising the stability of the business. We have been periodically reviewing and detailing that plan further to allow us to adapt to the circumstances of opportunity and market trends that we observe in practice.

At the end of August 2018 we announced a \$10m capital raise from institutional and high net worth investors led by Bell Potter Securities. This was a defining milestone for us that we had set for ourselves twelve months prior. Following divestment of our consulting business in June 2017, we decided that we would use the runway provided from the cash proceeds of the sale to take the small technology business that we had global, in an effort to gain initial commercial traction and momentum sufficient to secure the interest and willingness of capital markets to support the next leg of our continued growth.

We have always acknowledged that as a small listed company we must grow and we must have a significant and meaningful story to tell

so that investors can buy into in anticipation of multiplying their wealth as we deliver on our growth milestones.

Since the two-tranche capital raise completed in September 2018, we have traded up to 19c on volume post the capital raise representing a more than 250% increase on the 7.5c raise price. Whilst it is good to see a share price moving in the right direction the Board and management are focused on building a much more significant and sustainable growth in shareholder value through progressively improving the Group's fundamentals.

ARR

We see annuity revenue growth as key in realising the Group value drivers that are provided by high margin recurring and compounding growth. We are still doing the hard yards at this point primarily selling our solution directly to individual sites. We are starting to see and we are working hard to heighten the productivity of our sales efforts through multi-site sales and enterprise level sales. Each of these presents a far greater ROI than direct and discreet sales, even though the compounding effect of each sales person's results will continue to drive significant percentage growth from the current low base.

We hit our ARR growth target at the top-line adding \$3.1m against at target of \$3m for the year. This concludes the second consecutive year of 100% ARR growth in a targeted plan of three

years in a row. Unfortunately, with additional attrition arising from the run-off of non-core business our net figure did not keep pace with the target though we see this as a short-term setback against a longer term sustained growth setting.

In certain industry and geographic sectors our technology is still a step ahead of the pace of market adoption which is why we have consolidated our focus to mining, waste and waste water. In these areas we see that industry is in-step with our technology offering and is actively looking to adopt real-time monitoring with predicative capability.

Our emerging third sector of environmental smart cities (or regional monitoring), applies where a particular local authority or EPA is initiating a sensor network to track and monitor air quality and identification of problem sources over their jurisdiction. Our two deployments in the Middle East are each expanding and have provided an excellent reference case from which we can familiarise other cities that are looking at adopting similar solutions. It is certainly conceivable that in future most cities globally will deploy a sensor and software platform such as Envirosuite to visualise, report and manage air quality and other environmental factors for the benefit of their citizens.

Corporate Strategy

The Company has had a strong history of augmenting organic growth with strategic acquisitions. The focus in the last two years has been on establishment and traction in our targeted geographies and having now achieved that it makes sense to assess the potential acquisition targets that we are coming into contact with in our normal course of business. These may include equipment focused groups that we can purchase on product multiples and transition to subscription models through packaging the equipment with Envirosuite to offer a comprehensive solution, or other software groups that may have an attractive client base in a particular region of interest.

We are working proactively with external advisors to screen and assess a global list of opportunities with a view to moving on targets that present a compelling ROI to add incremental ARR relative to the time and investment in generating the equivalent ARR organically.

Our team has a strong track record of successfully integrating acquisitions post transaction and going into the 2020 financial year the Group is well poised to consider these opportunities. While acquisitions are one path to value the Board is highly selective and would only pursue an acquisition in the coming year if there is a compelling commercial opportunity that presents.

Board

In October 2018 our co-founder and major shareholder Robin Ormerod resigned his board role to enable him to focus on his executive role as Chief Scientist and Head of the Research and Development team. Robin remains highly active in this key role with the domain knowledge being the key value driver to our platform and new applications globally presenting opportunities to deepen the value-add that our solutions provide to clients. The Directors thank Robin for his trust and confidence that allowed him to step away from the board and for his continued dedication to the support and growth of the Group. Soon after we appointed Hugh Robertson to the Board, Hugh has immense expertise in Capital Markets and a strong understanding in what is required in managing the needs of a fast-growing small cap, certainly a key contribution to the Board.

The Year Ahead

With the continued efforts of our team, the 2020 financial year will be the year of deepening relationships with major groups including governments, equipment suppliers and major corporations in our target industry verticals. A single enterprise execution could lead to the next leg of our ARR growth milestone and while we have demonstrated that our existing run-rate business can incrementally achieve the FY20 target, our plan is to pursue these larger opportunities in parallel.

I thank shareholders for their support and investment in a growth story that is ultimately providing the immense dual positives of improved air quality for communities globally and ease of compliance and productivity optimisation for industry, while adopting best practice corporate social sustainability.

Although as much hard work lies before us as behind us, we enter the coming financial year with more confidence than ever in our future growth potential.

Sincerely,



David Johnstone, Chairman
23 August 2019

CEO Report



The 2019 financial year proved to be a very successful one for the Company. We have continued along our target growth trajectory for the second year in a row. This has been enabled by the operational framework that we put in place twelve months ago and we have continued this expansion to enable the sustained growth of the company over the coming financial year.

Growth

We are now two years into a three-year plan that was launched in July 2017 following the Company's divestment of its consulting business in order to become a pure-play technology company. Comparing then with now we have:

- Quadrupled the number of clients from 25 to over 100.
- Increased Annual Recurring Revenue by 370%.
- Established entities in five overseas countries.

Agility and vigilance to position the business strategy to exploit market niches is crucial to the success of any smaller company. In the past two years as a technology company we have tested our market offering in various models and modes of selling, and in different geographies and industry sectors.

We have now settled on a model that allows for continued success and growth. We have organised the Company into four business units to address the market regions: Europe and Middle East, North America, South America, and Asia Pacific. After testing the solution in various industries, we concluded that our most valuable initial key target industry sectors are Mining, and Waste and Wastewater. The confluence of technical and commercial fit, regulatory and corporate social sustainability drivers overlaid with the ever present need to improve productivity means that these sectors provide a compelling environment for our solution. After testing a partner-led sales model in some areas, we have decided to pursue a direct sales approach until we have completed expanding our solution and reference cases.

Following direct sales success we believe that the right type of partners will be found with EPCs (Engineering, Procurement and Construction groups) and in total system integrators.

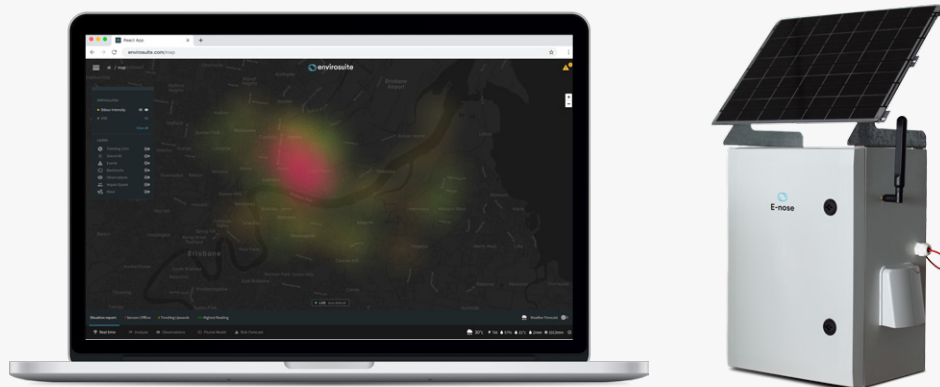
In FY18 we hit our internal target of 100% growth in ARR and then in August last year we externalised our 100% growth target for FY19 and FY20. We reaffirm our targeted ARR of \$12 million by the end of June 2020.

Year Highlights in Review

Company Highlights from the FY19 year include the following events:

- **Capital markets** – The Company successfully raised \$10 million in August 2018 to help fund expansion into our four sales regions.
- **New Sales** – \$3.1 million in new ARR tracking to our growth target.
- **First multi-site licence** – We received our first sale of a multi-site (three sites) licence with Southern Water in the UK.
- **Deepening our market offering to Solution-as-a-Service** – Due to market demand, we decided to broaden our market offering by providing a full end-to-end solution (software platform, hardware, and implementation services). This extends a pure Software-as-a-Service platform and deepens our client relationships.
- **E-nose ('Electronic nose') device** – Post the acquisition of Odotech, the Company combined the technologies of both companies to produce an improved, smaller and far cheaper sensor, branded "Envirosense". This e-nose model is deployed in the ambient environment and

Right: Envirosuite's new Regional Software Platform and an Envirosense unit. They work together to visualise odour and air quality issues across cities or regions.



allows clients to create a dense network of sensors, delivering a comprehensive IOT solution.

- **New Regional Software platform** – For the Kuwait project we developed and deployed a new EVS solution that extends our offering beyond a specific operational site. Our city-wide (Regional) solution allows for larger scale implementations and provides visualisation and functions at a regional or city level.
- **Two Middle Eastern city-wide projects** - During the June quarter the Company delivered the two biggest projects in its history. These were the city-wide projects in the Middle East (Doha and Kuwait). It is worth noting that both of these projects could grow further in scope in the medium term.
- **First China project** – The Company secured its first win for a project in China. This will be delivered as a proof-of-concept for Veolia's international operations in China. The EVS solution will need to be modified to comply with the Chinese regulatory requirements and therefore will act as a precursor to future projects in China.
- **Odotech client migration** – The remaining clients, acquired in the purchase of the assets of Odotech Inc in December 2017, were migrated to the Envirosuite platform, and with that the integration of the Odotech company structure into Envirosuite was completed.
- **New entity in Colombia** – During the year the Company established an entity in Colombia. Working with Austrade, this entity has opened multiple leads in the local Colombian market, which includes the Company's biggest client Cerrejon.

The above highlights reinforce the broadening and growth of the Company over the course of another formative year as we build a global foundation to deliver our solutions.

Regions

The Company operates through market-facing business units organised by region. A brief update on the activities of each region follows:

Europe and Middle East

- The head office for the European and Middle Eastern (EMEA) region is located in Madrid and has grown over the year by focusing on the UK, Spain, France, and Middle Eastern markets. Progress during the year included:
 - Signing three new UK Water Authorities to complement Thames Water (Southern Water, Welsh Water, and Yorkshire Water).
 - Winning TATA Steel (Wales). This is a new sector for the EMEA market team and provides entry into one of the world's biggest steel producers.
 - Development of the Company's relationship with Veolia's headquarters in Paris. There have been two new projects signed with Veolia during the year, with further significant opportunities with this key player in the global waste and wastewater sector expected to emerge in the near future.
 - A steady build-up of "business-as-usual" WWTP projects in Spain.
 - Successful conversion of the Kuwait City trial into a \$1.2 million project with \$275,000 ARR. This project has now gone live with the rollout of the e-nose devices and it has been the catalyst for EVS to create the new e-nose sensor as well as the new solution for regional or city-wide monitoring.

North America

- The consolidation of the Odotech Canadian and Envirosuite USA business units to form the one North American Envirosuite Region. There was considerable focus on migrating existing Odotech clients onto the Envirosuite platform. It is intended that the Odowatch platform will be discontinued during the coming year, completing the integration of Odotech into Envirosuite.
- R&D work continued with the US EPA at an industrial complex in Kentucky. This work investigated new measurement technologies and models to track sources of toxic and greenhouse gas leaks from industrial processes and storages in real time. Envirosuite contributed backward trajectory modelling, a standard part of our offering, with successful results.
- We saw significant growth in new clients adopting our wastewater solutions and an increased number of projects in the solid waste industry, especially Landfill. Our solution is highly relevant to this industry given its odour issues.
- Work continued on testing the viability of the Envirosuite solution in the Oil and Gas sector.

South America

- Carbones del Cerrejon became Envirosuite’s largest client. During the year Cerrejon implemented new solutions in the Water Quality and Groundwater Pressure area.
- Envirosuite established its new entity in Colombia to focus on the Colombian and wider mining industry, complimented by a publicity launch in three Colombian cities with the assistance of Austrade.
- Further wins in heavy industry, mining and agriculture (factory farming) were recorded in Chile.

Asia Pacific

During the past two years the Company’s focus has been on regions outside Australia with sales resources posted overseas to help develop those regions. However, there was still progress made:

- South Australia Water extending their project to cover additional sites.
- The signing of Canterbury Council (NZ)
- New sales resources were hired in the last quarter to start building up the sales pipeline, and ready the company for expansion in the Asia Pacific region during the coming year.

From an ARR perspective, the Company now has four regions with nearly identical ARR numbers:

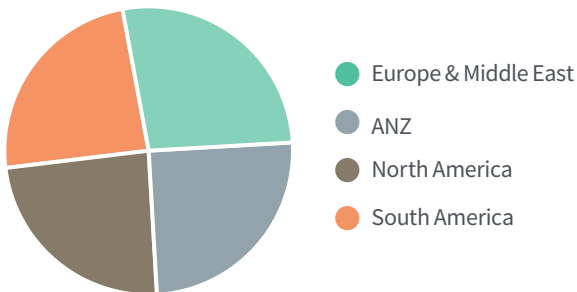


Figure 1: Total ARR by Region

As seen from Figure 2 the growth in ARR during the year was almost entirely in the three overseas regions, with Europe and North America leading the way.

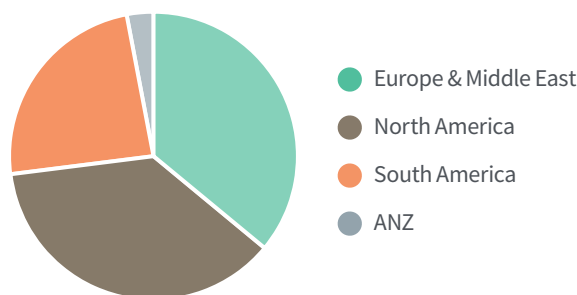


Figure 2: FY19 ARR Growth by Region

Market Sectors

The Company has maintained focus on the following industry sectors:

- Waste and Wastewater, and their adjacencies:
 - o Factory Farming
 - o Landfill
 - o Composting
 - o Pulp and Paper
- Mining
- Smart Cities

It is seen from Figure 3 that the Mining and Odour-related industries (Wastewater and Agriculture) account for approximately 75% of total ARR. The growth in ARR occurred during the year was almost exclusively accounted for by these industries.

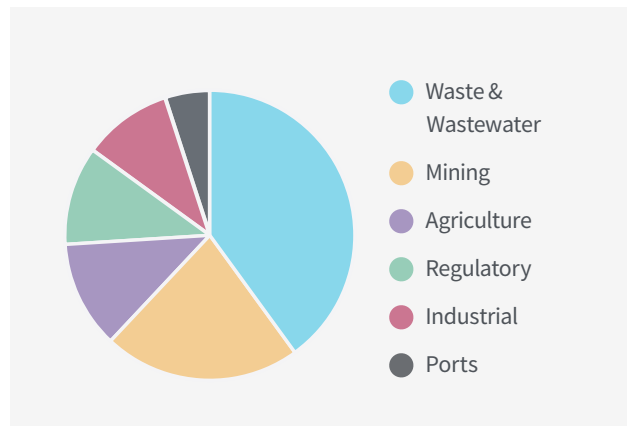


Figure 3: Total ARR by Industry Sector

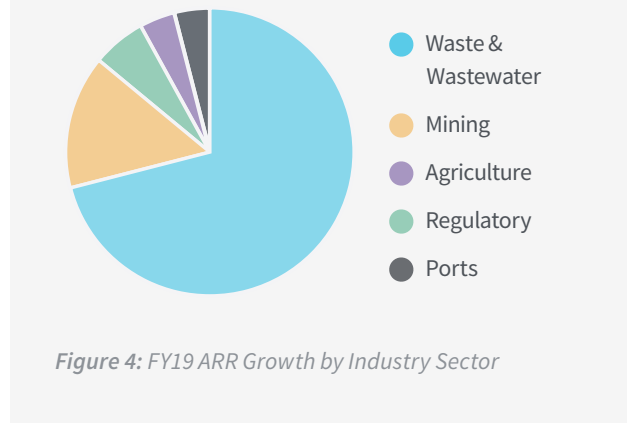


Figure 4: FY19 ARR Growth by Industry Sector

As part of a strategic review the Company engaged an external advisory group to perform a comprehensive estimate of the total addressable market for the current Envirosuite solutions, by industry verticals and by regions. The result of this work showed that this addressable market is well over \$1 billion annually in our two current industry targets alone. This market mapping and underlying detail is being used to help drive our regional market focus.

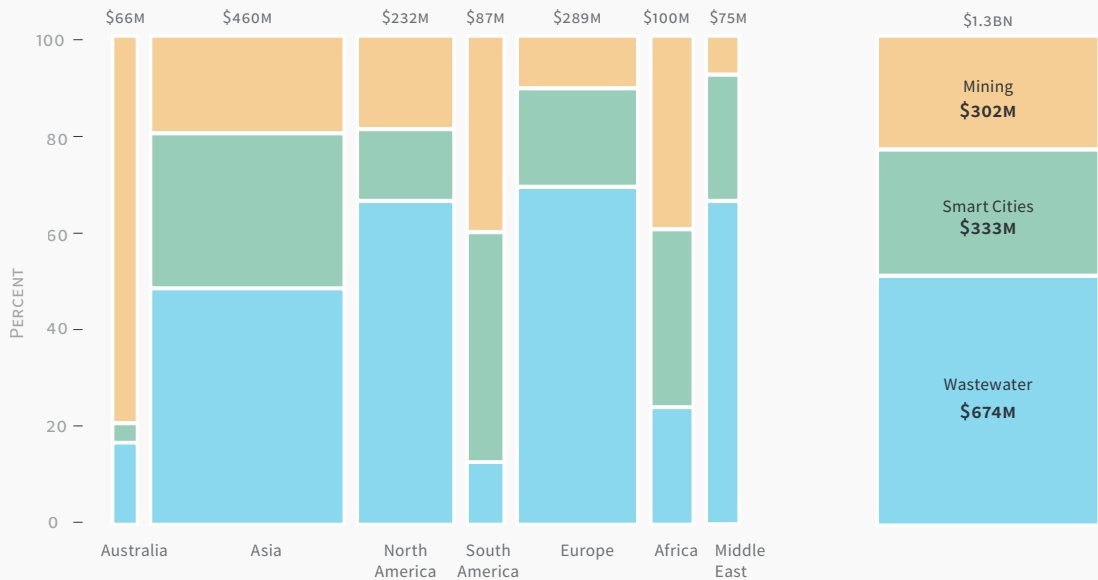


Figure 5: Addressable markets in key verticals.

Staff

We have built up the team over the last two years from 25 FTE at the commencement of the 2017 financial year to 70 people globally at the close of the 2019 financial year. This includes the recent hiring of senior level of management in areas such as Sales and General Management, Project Delivery and Global Marketing. Otherwise most of this growth has been in sales and client facing support roles to sustain and service our revenue growth. As far as this organic growth is concerned, we expect the growth rate in staff numbers to taper down in the coming year as we have now formed a strong base from which we can continue to achieve our targeted growth rate.

I would like to thank all our staff for their efforts over the past year. A high growth rate always adds extra stress and pressure on employees and our people have responded to this challenge with dedication, positivity and focus.

The Coming Year

For the coming year the Company has maintained the same target as for the previous two years, to double its ARR. This target is therefore to achieve \$12 million ARR by the end of June 2020. While it is acknowledged that this is an ambitious goal, there are several new activities that the Company intends to undertake and to achieve during the coming year.

This strategy will involve a “business as usual” approach for the majority of our sales force focused on the various sectors by region as per Figure 5. This BaU approach will be supplemented with a small group focused on winning business via other initiatives such as:

- **Multi-site and Corporate level deals** – we have hired resources to focus exclusively on this area as we believe it is the fastest way to achieve rapid expansion.
- **Solution broadening** – we are investigating ways to attract a bigger “share of wallet” from our existing client base. This will see us broadening our solution functionality to enable us to expand into more operational areas of our clients’ business, making our solution a “need to have” versus a “nice to have”. Examples include deepening our solution in water management for mines, and in creating operational modelling for pipeline corrosion in

wastewater collection.

- Target a new industry sector (Oil and Gas). There has been considerable preparatory work performed in this area during last year in the US market.
- The Company may consider acquisitions if we identify opportunities to rapidly increase our client base through acquisition of a company with a solution that can be swapped out with Envirosuite.

Region	Mining	Odour	Smart Cities	Oil & Gas
ANZ	●	●		
Europe		●	●	
Middle East		●	●	●
North America	●	●	●	●
South America	●	●		
Asia	●	●	●	●

● Future prospects ● Initial Sales ● Expanding Sales

Furthermore, we are expanding in two target areas this year. We are building up our sales team in ANZ to begin focusing on Asia Pacific including China. At the same time, we are strengthening our team in the Middle East as we continue to see bigger project opportunities in that region, which also results in a lumpy win rate when measured by ARR. We therefore do not expect our growth to be linear over time. Over the past year we have delivered two of these large projects, however these types of projects do not come along at regular intervals.

We continue to be excited by the potential of rapid growth in our target markets and the difference the Envirosuite solution can make to the ability of industry and communities to co-exist.

Peter White, CEO
23 August 2019

Directors' Report

Your directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the Group) consisting of Envirosuite Limited (ABN: 42 122 919 948) (referred to hereafter as the Company) and its controlled entities, for the financial year ended 30 June 2019.

Directors

The following persons were directors of the Company at any time during, or since the end of, the financial year up to the date of this report:

David Johnstone (Non-executive Chairman)

Peter White (Director and Chief Executive Officer)

Adam Gallagher (Director and Company Secretary)

Hugh Robertson (Non-executive Director) -
Appointed 1 November 2018

Robin Ormerod (Managing Director and Chief Scientist) -
Retired as Director on 28 September 2018

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Particulars of each director's experience and qualifications are set out later in this report.

Principal activities and significant changes in nature of activities

During the year the principal continuing activities of the Group consisted of the development and sale of environmental management technology solutions.

Dividends paid or recommended

No dividends were paid by the Company to members during the financial year. No dividends were recommended or declared for payment, but not paid, to members during the financial year.

Operating results and review of operations for the year

Operating Results

Total trading revenues for the Group for the financial year ending 30 June 2019 were \$7,115,712 (2018: \$3,152,592). Net loss after tax from continuing operations was \$5,996,257 (2018: \$5,754,656). Significant expenditure items affecting operating results for the 2019 financial year include costs associated with the integration of the assets of Odotech Inc and establishment of companies and operations in new geographic territories, costs associated with the capital raise completed in October 2018 and funding working capital for growth including recruitment costs.

Financial Position

The net assets of the consolidated Group have increased from \$8,585,852 at 30 June 2018 to \$12,328,924 as at 30 June 2019. The Group received gross proceeds of \$10,000,000 from a capital raise completed during the reporting period.

The Group recorded a cash balance of \$7,563,721 as at 30 June 2019 (June 2018: \$3,648,000).

Notwithstanding the negative operating cash flow and recurring losses recorded during the year, given the group's budgeted profit targets and availability of capital investment (if required), the Directors are of the view that the group will continue to be able to pay its debts as and when they fall due.

It is on the basis of the group's ability to achieve budgeted profit targets and availability of capital investment (if required), that the Directors have prepared the financial report on a going concern basis.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

1. Incorporating proprietary sensors into the market offering to complement the software platform.
2. Completion of the integration of the assets of Odotech Inc (assets acquired on 19 December 2017).
3. Number of employees growing from 55 at 30 June 2018 to 70 at 30 June 2019.
4. Robin Ormerod retiring as an officeholder though continuing his executive role as Chief Scientist.
5. Appointment of Hugh Robertson as a non-executive Director.
6. New office opened in Colombia.

Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affected, or could significantly affect, the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

Likely developments and expected results of operations

There are no likely developments in the operations of the Group that were not finalised at the date of this report.

Additional comments on expected results of certain operations of the Group are included in this annual report under the Chairman's Statement and CEO's Report.

Environmental regulation

The Group is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory, in which the group operates.

Information on Directors

David Johnstone

Chairman

(Appointed 10 February 2014)

Experience and expertise

David is an experienced executive and chairman who has been actively involved in business for more than 35 years, successfully starting, owning and operating a vast range of businesses. With experience gained nationally and internationally in tech start-ups, selling, licensing, merging and acquiring businesses, having also arranged funding for management buy outs along with the successful placement/ listing of companies on the London Stock Exchange and the Australian Stock Exchange. David is a keen investor, chairman and advisor to various technology companies in the communications, finance, insurance, risk management and sporting sectors, which are investing and advancing technology to the forefront of their respective industries.

Other current directorships of listed companies

None

Former directorships of listed companies in last 3 years

None

Special responsibilities

Member of the Audit and Risk Management Committee
Chairman of the Remuneration and Nomination Committee

Interest in shares and options

3,339,118 ordinary shares held by an associated entity.
4,000,000 unlisted options held by an associated entity to subscribe for ordinary shares in Envirosuite Limited.

Peter White – B. Maths.

Director and Chief Executive Officer

(Appointed 10 July 2017)

Experience and expertise

Peter's interest is in using technology to benefit businesses and his specialty is in growing technology companies and teams, using his deep experience in technology sales and operational management. Over the past 32 years he has held executive and sales management positions in global technology companies including Hewlett Packard, Motorola, Siemens and Tandem Computers. He has extensive global experience gained through international business development roles in Asia, Europe and the USA.

Peter has a particular skillset and experience in selling innovative and large, technology deals. This has included individual deals worth hundreds of millions of dollars, as well as application software deals to several governments, as well as some of the world's biggest banks and telecommunication carriers.

Other current directorships of listed companies

None

Former directorships of listed companies in last 3 years

None

Special responsibilities

Member of the Audit and Risk Management Committee
Chairman of the Remuneration and Nomination Committee

Interest in shares and options

7,091,340 ordinary shares held by an associated entity.
2,000,000 unlisted options to subscribe for ordinary shares in Envirosuite Limited.

Adam Gallagher – B Econ, M Com, Grad Dip Info Sys,
Grad Dip Applied Corp Gov
Director and Company Secretary
(Appointed 18 October 2012)

Experience and expertise

Adam has strong technology sector knowledge and experience across corporate transactions, sales management, finance and capital market operations through nearly twenty years of commercial, IT and investment experience. Adam is a strategist who is known for his corporate problem solving acumen, to both resolve impediments to, and optimise opportunities for, true shareholder value creation. His particular passion for technology arises from a career interest in the convergence of applied creative, commercial and scientific efforts that bring about positive change. Adam has worked in corporate banking, private equity, early stage technologies, stock exchanges, digital media, communications and listed companies. For the last ten years he has predominantly worked with expansion stage technology businesses both listed and unlisted as an officeholder, advisor and investor. In addition to his roles with Envirosuite Limited, Adam is also a Director of CCP Technologies Limited (ASX:CT1).

Adam holds a Bachelor of Economics, Masters in Commerce, Graduate Diploma in Information Systems and a Graduate Diploma in Applied Corporate Governance.

Other current directorships of listed companies

Director of CCP Technologies Limited (ASX:CT1).

Former directorships of listed companies in last 3 years

None

Special responsibilities

Chairman of the Audit and Risk Management Committee
Member of the Remuneration and Nomination Committee

Interest in shares and options

602,941 ordinary shares held by an associated entity.
4,000,000 unlisted options held by an associated entity to subscribe for ordinary shares in Envirosuite Limited.

Company Secretary

Mr. Gallagher is the Company Secretary and held the position for the duration of the financial year.

Hugh Roberston
Director
(1 November 2018)

Experience and expertise

Hugh Robertson has over 30 years experience in the financial services sector and equity markets. Hugh is an experienced company director across a broad range of businesses with a concentration on small cap industrial stocks.

His more recent directorships include AMA Group Limited (ASX:AMA), Centrepoint Alliance Limited (ASX:CAF), TasFoods Limited (ASX:TFL), Hub24 Limited (ASX:HUB) and is currently on the board of Longtable Limited (ASX:LON).

Other current directorships of listed companies

Longtable Limited (ASX:LON)

Former directorships of listed companies in last 3 years

None

Special responsibilities

None

Interest in shares

9,157,620 ordinary shares held by an associated entity

Interest in options

Nil

Meetings of directors

The numbers of meetings of the Company's Board of directors and committees of the Board held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	Full Meetings of Directors		Audit and Risk Management Committee (*)		Remuneration and Nomination Committee (*)	
	A	B	A	B	A	B
2019 Meetings						
Adam Gallagher	13	13	2	2	2	2
David Johnstone	13	13	2	2	2	2
Peter White	13	13	-	-	-	-
Robin Ormerod	4	4	-	-	-	-
Hugh Robertson	5	7	-	-	-	-

A - Number of meetings attended. **B** - Number of meetings held during the time the director held office or was a member of the committee during the year (number eligible to attend).

* - The committee charters provides for 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the board at each monthly board meeting.

Shares under option

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

Grant date	Expiry date	Issue price of shares (\$)	Number under option
17-Apr-12	09-Apr-20	0.055	2,000,000
05-Dec-14	12-Nov-19	0.07	2,000,000
17-Feb-15	01-Apr-20	0.09	1,000,000
17-Feb-15	03-Feb-21	0.11	1,250,000
09-Dec-15	09-Dec-19	0.12	3,000,000
16-Nov-15	10-Nov-20	0.16	333,333
09-Dec-15	09-Dec-19	0.18	3,000,000
23-Oct-18	11-May-22	0.10	2,000,000
25-Oct-18	30-Oct-22	0.16	750,000
Total			15,333,333

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

Shares issued on the exercise of options

5,600,000 shares were issued during the financial year on the exercise of options. No amounts are unpaid on any of the shares

Lapse of options post balance date

No options have lapsed post balance date.

Indemnification and insurance of officers or auditor

During the financial year, Envirosuite Limited paid a premium of \$58,512 (2018: \$43,422) to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year for the auditor of the consolidated Group.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non audit services

No non-audit services were provided by PKF Brisbane Audit during the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

Legislative Instrument 2016/191 - Rounding of amounts

The Company is an entity to which Legislative Instrument 2016/191 applies and accordingly amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Remuneration report (audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

The report is structured as follows:

- a. Key management personnel (KMP) covered in this report
- b. Principles used to determine the nature and amount of remuneration and link to performance
- c. Details of remuneration
- d. Service agreements
- e. Share based compensation
- f. Shareholdings of management personnel
- g. Loans to key management personnel
- h. Other transactions with key management personnel

A. Key management personnel covered in this report

Non-executive and executive directors (see pages 9 to 10 for details about each director)
David Johnstone Peter White Adam Gallagher Hugh Robertson (appointed 1 November 2018) Robin Ormerod (retired 28 September 2018)

Other key management personnel

Name	Position
Clinton Lander	Chief Financial Officer

B. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness
- shareholder alignment
- performance
- transparency and simplicity
- capital management

The Group has structured an executive remuneration framework that is market competitive and complementary to the objectives of the organisation.

(i) Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Some of the directors have received incentive share options in prior years, subject to certain terms and conditions determined by the Board.

Non-executive director's fees are determined within an aggregate directors' fee pool limit. The current pool limit is \$400,000 per annum. The following fees apply:

Base fees (net of GST)

Chair	\$90,000
Other directors	\$60,000

Directors appointed to chair a board committee are paid an

additional fee of \$10,000 per committee. No additional fees are paid to non-chair members of the committees.

No fees as described above are paid to Directors who hold an employee contract with the Company.

(ii) Retirement allowances for directors

There are no retirement allowances for directors of the Group.

(iii) Executive pay

The executive pay and reward framework generally has three components:

- base pay and benefits, including superannuation;
- short-term incentives linked to the attainment of performance targets; and
- long-term incentives through options and / or performance rights to subscribe for ordinary shares in the company.

The combination of these comprises an executive's total remuneration.

Base pay

Base pay is structured as a total remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards.

There are no guaranteed base pay increases included in any executives' contracts.

Superannuation

Retirement benefits are delivered under the Australian superannuation legislation at 9.5% of base salary for the financial year ended 30 June 2019, up to the maximum superannuation contribution base.

Short-term incentives

Short-term incentives are provided to certain executives, where payment is dependent on the satisfaction of performance conditions. Refer to sections (iv) and (vi) below for details.

Long-term incentives

Long-term incentives have been provided from time to time to certain executives via various allotments of options to subscribe for ordinary shares in the Company or via Performance Rights that convert to ordinary shares on attainment of applicable performance criteria. Refer to sections (iv) and (vi) below for details.

The CEO works with the Remuneration and Nominations Committee and the full board to develop appropriate terms for new and re-contracting employees.

(iv) Chief Executive Officer's remuneration

Mr White earns a base salary of \$300,000 inclusive of

statutory superannuation entitlements.

Short Term Incentive (STI): During the initial 24 months from commencement of his employment on 10 July 2017, Mr White receives 5% of the value of the first year of license fee revenues from new Envirosuite sales, with claw back provisions should the licensee default.

A termination payment of six months applies in the event of change in control.

A notice period of three months applies on termination.

(v) Company Secretary

The Company Secretary fee is set at \$7,500 per month on a contract basis. The role includes a number of additional accountabilities beyond what is generally expected from a Company Secretary including assisting in the management of corporate transactions together with the Company's advisors, investor communications, and undertaking various other duties as required by the business that are within the incumbent's skill-set.

As a relatively small company the Directors believe that it is beneficial to have a hard-working and multi-disciplined team of officeholders to support and guide management.

(vi) Chief Financial Officer

Mr Lander earns a base cash salary of \$220,000 plus statutory superannuation entitlements.

Short Term Incentive (STI): For the 2019 and 2020 financial years, Mr Lander is eligible for a STI of \$20,000 per annum based on the company's performance against Annual Recurring Revenue.

Long term Incentive (LTI):

On 2 July 2018 Mr Lander was issued 2,049,180 performance rights that vest and convert to ordinary shares on 15 May 2020. These performance rights are forfeited if Mr Lander ceases employment with the Company prior to the vesting date.

On 23 October 2018 Mr Lander was granted 2,000,000 share options with 50% vesting on the first anniversary of his employment with the Company and 50% vesting on the second anniversary. These options have an exercise price of 10 cents, which was double the Company's share price on the day his employment commenced.

C. Details of remuneration

(i) Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of the Company and the Group are set out in the following tables.

The key management personnel of the Group are the Directors, Company Secretary and Chief Financial Officer of Envirosuite Limited.

(ii) Changes since the end of the reporting period

There have been no changes in the officeholders since the end of the reporting period.

(iii) Key management personnel (KMP) of the Group and other executives of the Company and the Group

2019	Short-term employee benefits				Long term benefits	Share-based payments		Total \$
	Cash Salary and fees \$	Cash bonus \$	Other \$	Super-annuation \$	Long service Leave \$	Shares \$	Options \$	
Directors								
Peter White - CEO	279,474	115,297	-	20,532	-	-	-	415,303
David Johnstone	100,000	-	-	-	-	-	-	100,000
Hugh Robertson (appointed 1 November 2018)	40,000	-	-	-	-	-	-	40,000
Managing director								
Robin Ormerod (retired 28 September 2018)	73,333	-	-	5,019	-	-	-	78,352
Director and company secretary								
Adam Gallagher	160,000	-	-	-	-	-	-	160,000
Other key management personnel								
Clinton Lander – CFO	216,896	16,573	-	20,267	-	54,266	22,015	330,017
Total key management personnel compensation	869,703	131,870	-	45,818	-	54,266	22,015	1,123,672

2018	Short-term employee benefits				Long term benefits	Share-based payments		Total \$
	Cash Salary and fees \$	Cash bonus \$	Other \$	Super-annuation \$	Long service Leave \$	Shares \$	Options \$	
Directors								
Peter White - CEO (appointed 10 July 2017)	274,568	41,729	-	20,015	-	-	-	336,312
David Johnstone	100,000	-	-	-	-	-	-	100,000
Managing director								
Robin Ormerod	300,000	-	-	20,049	-	-	-	320,049
Director and company secretary								
Adam Gallagher	160,000	-	-	-	-	-	-	160,000
Other key management personnel								
Clinton Lander – CFO (appointed 15 May 2018)	16,923	-	-	1,608	-	-	-	18,531
Total key management personnel compensation	851,491	41,729	-	41,672	-	-	-	934,892

Further breakdown of the components of Mr White's and Mr Lander's remuneration is detailed above in Section B (iv) and (vi) respectively in the Remuneration Report.

There are no post-employment benefits provided.

Remuneration at risk

STI and LTI awards are considered as “at risk” remuneration. Of the KMP, only the Executive KMP being the CEO and CFO have “at risk” remuneration. The proportion of each Executive KMP’s remuneration that was at risk during the year ended 30 June 2019 is detailed below.

Mr Peter White – 33% at risk

Mr Clinton Lander – 29% at risk

Linking Executive Remuneration to Performance

Envirosuite uses the STI to focus the Executive KMP on achieving the company’s main Key Performance Indicator (KPI), which in the company’s current growth phase is growing the company’s Annual Recurring Revenues (ARR).

In addition to the use of the STI, Envirosuite grants LTI’s to Executive KMP to align executive remuneration with shareholder returns.

D. Service Agreements

On appointment to the Board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant at the time of their appointment to the office of director.

Remuneration and other terms of employment for other key management personnel are also formalised in service or employee agreements. Each of these agreements provides for the provision of performance related cash bonuses, when eligible.

All current appointments for key management personnel are listed below. All service agreements are reviewed annually by the directors.

Name	Commencement date	Annual base salary including superannuation
Key management personnel		
Peter White – Chief Executive Officer & Director	10 July 2017	\$300,000
Clinton Lander - Chief Financial Officer	15 May 2018	\$241,003

E. Share based compensation

(i) Options (including performance rights)

No options were issued during the 2018 financial year.

Each of Mr Johnstone, Mr Gallagher and Mr White hold options in the company that were issued in prior financial years following shareholder approval. Options issued to Directors are intended to align the personal interests of the Directors with the interests of shareholders.

During the 2019 financial year:

- 2,049,180 performance rights were issued on 2 July 2018 to Mr Clinton Lander.
- 2,000,000 share options were issued on 23 October 2018 to Mr Clinton Lander.
- 750,000 share options were issued to other non key management personnel.

The options issued to employees in prior financial years were designed to provide long-term incentives for employees to deliver value to shareholders by aligning interests and conserving cash reserves. Option allotments were at the Board’s discretion and subsequent shareholder approval either as required, or as sought by the Board, and no individual had a contractual right to receive options or to receive any guaranteed benefits.

All options granted, once converted to ordinary shares, carry standard dividend and voting rights available to ordinary shareholders.

Details of options over ordinary shares in the Company provided as remuneration to each director of Envirosuite Limited and each of the key management personnel of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share in Envirosuite Limited. Further information on the options is set out in Note 32 to the financial statements.

2019	Balance at start of the year	Granted as compensation	Exercised	Forfeited/ Other	Balance at end of the year	Vested and exercisable	Unvested
Directors of Envirosuite Limited							
Peter White	7,000,000	-	(5,000,000)	-	2,000,000	2,000,000	-
David Johnstone	4,000,000	-	-	-	4,000,000	4,000,000	-
Adam Gallagher	8,500,000	-	-	(4,500,000)	4,000,000	4,000,000	-
Hugh Robertson	-	-	-	-	-	-	-
Other key management personnel							
Clinton Lander	-	2,000,000	-	-	2,000,000	1,000,000	1,000,000
2018							
2018	Balance at start of the year	Granted as compensation	Exercised	Forfeited/ Other	Balance at end of the year	Vested and exercisable	Unvested
Directors of Envirosuite Limited							
Peter White (Appointed 10 July 2017)	7,050,000	-	-	(50,000)	7,000,000	7,000,000	-
David Johnstone	4,000,000	-	-	-	4,000,000	4,000,000	-
Adam Gallagher	6,500,000	-	-	2,000,000 ^	8,500,000	8,500,000	-
Robin Ormerod	2,000,000	-	-	(2,000,000) ^	-	-	-
Other key management personnel							
Clinton Lander (Appointed 15 May 2018)	-	-	-	-	-	-	-

^ includes off market transfer during the year. On 29 September 2017, Adam Gallagher purchased Robin Ormerod's 2,000,000 unlisted options for \$27,044 based on an external Black & Scholes valuation – refer Appendix 3B lodged 29/09/2017.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(ii) Shares

No shares were granted to key management personnel during the year.

F. Shareholdings of Key Management Personnel

The numbers of shares in the Company held during the financial year by each director of Envirosuite Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2019	Balance at start of the year	Granted as compensation	Other changes during the year	Balance at end of the year
Directors of Envirosuite Limited				
Peter White	2,091,340	-	*5,000,000	7,091,340
David Johnstone	1,844,118	-	**1,495,000	3,339,118
Adam Gallagher	352,941	-	**250,000	602,941
Hugh Robertson (Appointed 1 November 2018)	-	-	9,157,620	9,157,620
Other key management personnel				
Clinton Lander (Appointed 15 May 2017)	-	-	*650,000	650,000

*Changes arose during the year through off market transactions.

**Changes arose during the year from a combination of on-market and off-market transactions.

2018	Balance at start of the year	Granted as compensation	Other changes during the year	Balance at end of the year
Directors of Envirosuite Limited				
Peter White (appointed 10 July 2017)	1,988,399	-	*102,941	2,091,340
David Johnstone	1,250,000	-	**594,118	1,844,118
Robin Ormerod	56,683,589	-	*(5,387,039)	51,296,550
Adam Gallagher	250,000	-	*102,941	352,941
Other key management personnel				
Clinton Lander (Appointed 15 May 2017)	-	-	-	-

*Changes arose during the year through off market transactions.

**Changes arose during the year from a combination of on-market and off-market transactions.

G. Loans to key management personnel

There were no loans to key management personnel during the reporting period

H. Other transactions with key management personnel

Mr David Johnstone is a Director and Chairman of the Company. His fees are paid to DOAK Pty Ltd, a related party.

Mr Adam Gallagher is a Director and the Company Secretary of the Company. His fees are paid to Famile Pty Ltd, a related party.

There were no transactions with key management personnel of Envirosuite Limited, other than those disclosed at Section C(iii) of this Director's report, during this reporting period.

END OF REMUNERATION REPORT

This Director's report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



David Johnstone, Chairman
23 August 2019

Statement Of Corporate Governance Practice 2019

ENVIROSUITE Limited (“EVS” or “the Company”) Approach to Corporate Governance and Responsibility

The EVS board of Directors is committed to the principles underpinning good corporate governance, applied in a manner which is most suited to EVS, and to best addressing the directors’ accountability to security holders and other stakeholders. This is supported by a commitment to the highest standards of legislative compliance and financial and ethical behaviour.

The Company continues to address directors’ accountability to stakeholders in a manner consistent with the Company’s individual circumstances enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way EVS is directed and managed.

As a measure of its stated commitment to good corporate governance principles, the board will continue to:

- Review and continually improve its governance practices; and
- Monitor developments in good corporate governance.

Report on Compliance with the ASX Corporate Governance Principles and Recommendations 3rd Edition

The ASX Listing Rules require listed companies to issue a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations 3rd Edition (“Recommendations”) which took effect for reporting periods commencing on 1 July 2014.

The Company has elected to publish its Statement of Corporate Governance Practices in its Annual Report and will lodge the Appendix 4G that sets out a Key to Disclosures - Corporate Governance Council Principles and Recommendations. This will be lodged on the same date as the Annual Report of the Company.

Listed companies must identify the recommendations that have not been followed and provide reasons for the Company’s decision. Where a recommendation has been followed for only part of the period the company must state the period during which it had been followed.

As detailed within this Statement of Corporate Governance Practices; EVS considers its governance practices comply with:

- each of the ASX Corporate Governance Principles (“Principles”); and
- the Recommendations, except for those detailed, and for the reasons outlined, in this Report.

For the reasons expressed within this statement, EVS has elected not to adopt Recommendations 2.2 and 2.4. Several Recommendations have not been fully adopted and the reasons for that and the extent to which EVS does comply with the Recommendations are also set out in this statement. EVS is a relatively small company and accordingly the Directors consider that many of the corporate governance guidelines intended to apply to larger companies are not practical.

This statement outlines the:

- Principles and Recommendations identified by the ASX as underlying good corporate governance; and
- The corporate governance practices of EVS during the financial year, except where stated otherwise.

Principle 1: Lay solid foundations for management and oversight.

Companies should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.

Recommendation 1.1:

The Company should disclose:

- the respective roles and responsibilities of the board and management; and
- those matters expressly reserved to the board and those delegated to management.

Formalisation of board and management functions

The board has formalised its roles and responsibilities into a Corporate Governance Charter. The Charter clearly defines the matters that are reserved for the board and those that the board has delegated to management.

In summary the broad functions of the EVS board include:

- oversight of the Company, including its control and accountability systems;
- setting the Company's major goals including the strategies and financial objectives to be implemented by management;
- appointing, removing and managing the Chief Executive Officer;
- ratifying the appointment and where appropriate the removal of the Chief Financial Officer and/or Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- corporate governance.

The board has delegated responsibility to the Chief Executive Officer for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the board and market fully informed about material risks;
- developing the Group's annual budget, recommending it to the board for approval and managing day to day operations within the budget;
- managing day to day operations in accordance with standards for social and ethical practices which have been set by the board; and
- approval of capital expenditure and business transactions within predetermined limits set by the board.

Recommendation 1.2:

- **The Company should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and**
- **provide all material information in its possession relevant to enabling security holders to make an informed decision on whether or not to elect or re-elect a director.**

Director's appointment

EVS performs appropriate checks of any person to be appointed a director, either by the board or nominated by Security Holders.

A nominated person is required to disclose to the board any information sought regarding their overall character and ability to fulfil his or her responsibilities as a Director.

Where a candidate is standing for election or re-election as a Director, the Company will provide information regarding their qualifications, experience and skills that they bring to the board together with details of any other listed company or otherwise material directorships currently held. If standing for the first time the Company will also advise if there were any material adverse information revealed by the checks the Company has performed about the candidate together with any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company and its security holders generally; and a statement to the effect that if the board considers that the candidate will, if elected, qualify as an independent director. Where a candidate seeks election or re-election the board will issue a statement as to whether it supports the election or re-election of the candidate.

Procedure for selection and appointment of new directors

The process for appointing a director with EVS is that, when a vacancy exists, the board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following their appointment.

The process for re-election of a director is in accordance with the Company's Constitution, which requires that each year, at least one-third of the directors (excluding a managing director) retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

Recommendation 1.3:

Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

Agreements with Directors and senior executives

EVS ensures that all Directors and senior executives enter into written agreements setting out the terms of their appointment to ensure that they have a clear understanding of their roles and responsibilities and of the Company's expectations of them. Material terms of contracts with the Group are included in the remuneration report which is published in the Annual Report.

Recommendation 1.4:

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Company Secretary

The Company Secretary is accountable directly to the Board. The Company Secretary advises the board on all governance matters, ensures board policies and procedures are followed, despatches timely board papers, accurately records the minutes of meetings and assists in the induction and professional development of directors. The appointment or removal of the Company Secretary is a matter for the board.

Recommendation 1.5:

The Company should:

- have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them;
- disclose that policy or a summary of it; and
- disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or the relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.

Diversity

The board recognises the benefits of achieving an appropriate mix of diversity on its board and throughout the Company as a means of enhancing the Company's performance and organisational capabilities. The board is committed to ensuring adherence to diversity and has adopted a formal diversity policy that is set out and published in Section 5 of the Group's Corporate Governance Charter. The board and management has adopted a broad view of what constitutes meaningful diversity and is proud to employ a team of people with a diverse mix of skills, experiences, perspectives, cultural backgrounds, gender and age.

Measurement of diversity objectives

EVS aims to achieve an appropriate mix of diversity on its board, in senior management and throughout the organisation. The EVS board has determined that no specific measurable objectives will be established until the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

Women employees

EVS has four directors including the CEO, all of which are male. The Chief Financial Officer is also male. EVS has six female employees as at the date of this report.

Recommendation 1.6:

The Company should:

- have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and
- disclose, in respect of each reporting period whether a performance evaluation was undertaken.

Board Performance Evaluation

In prior reporting periods the board has adopted an ongoing, self-evaluation process to measure its own performance, that of individual directors and the performance of its committee functions during the reporting period.

During the period a third party service provider was engaged to facilitate a performance survey and feedback review of each of the directors. The review process involved an anonymous 360 degree self and peer review. The survey questionnaire covered a variety of competencies including commercial astuteness, communication, decision-making, leadership, planning and organisation, relationships, stakeholder focus and strategic thinking.

The individual reports detailed the variances in the self and peer assessments that included both point scoring and written feedback through which were identified areas of strengths and growth opportunities for each director. The Chairman met individually with each director to discuss their reports and the results for the Chairman.

The directors have each committed to consciously address any areas of growth opportunities identified with improvement to be measured against the results of the reports from the same process conducted during the next reporting report.

In addition to the formal review process outlined above, the Chairman meets periodically with the individual directors to discuss the performance of the board and each director. The Chairman's performance is also evaluated by the directors. In addition, an evaluation is undertaken by the Chairman of the contribution made of directors retiring by rotation prior to the board endorsing their candidature.

The review process involves consideration of all of the board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

Recommendation 1.7:

A listed entity should:

- have and disclose a process for periodically evaluating the performance of its senior executives; and
- disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company has a formal process for evaluating the performance of all staff including the senior executives. The Chief Executive Officer conducts formal periodical performance evaluations for his direct reports that include the Chief Financial Officer, Chief Technical Officer, Client Services Manager and the General Managers for Europe and the Americas. The performance of each of the CEO's direct reports are considered against their contracted KPIs and the extent to which they have achieved the budgets for which they are directly responsible.

The Board conducts an annual performance review of the Chief Executive Officer. The review considers the performance of the CEO against their KPIs that includes assessing the performance of the business against company budgets and strategic objectives as well as other measures designed to protect and grow shareholder value.

For the first time the board implemented a third party facilitated process to evaluate the non-financial performance of the Chief Executive Officer. The same process and facilitator utilised by the board outlined in the previous section of this statement was adopted and extended to include reviews by the direct reports to the Chief Executive Officer. The process delivered a comprehensive report contrasting the detailed performance feedback of the management team and the board members with the self-assessment of the Chief Executive Officer. The Chairman met with the Chief Executive Officer to work through the report and discuss various focus areas for improvement.

The board intends to conduct this review process on-going during each reporting period and the Remuneration and Nominations Committee is currently considering how the non-financial performance measures will be incorporated into the determination of future remuneration incentives for the Chief Executive Officer and potentially for broadening to include other company executives.

Principle 2: Structure the board to add value.

Companies should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1:

The board should have a nomination committee and structure that committee so that it:

- has at least three (3) members and consists of a majority of independent directors; and
- is chaired by an independent chair, who is not chair of the board;

and disclose:

- the nomination committee charter;
- the members of the committee;
- at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

Alternatively, if there is no nomination committee disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to effectively discharge its duties and responsibilities effectively.

Establishment of nomination committee

EVS has a formal Remuneration and Nomination committee which is a sub-committee of the board however for practical considerations associated with the small size of the Company, and the make-up of the board, the Company has elected not to adopt each of the sub-recommendations set out in Recommendation 2.1.

The Committee consists of only two directors and the Chair of the Committee is also the Chair of the board. The Company believes that the Committee members are the best qualified members of the Board to effectively perform the functions of the Committee in accordance with the Charter which is published on the Company's website. The number of meetings held in each financial year and the attendance at those meetings is disclosed in the Company's Annual Report.

The Committee meets informally on a regular basis and the Chair of the Committee reports to the board at each regular monthly meeting of the directors on any new or updated matters.

Recommendation 2.2:

The board should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve.

Skills matrix

EVS has identified the skills and competency of each board member.

EVS has elected not to adopt Recommendation 2.2 as it considers that its current practices of identifying skills and competency are an efficient means of meeting the needs of the Company, particularly having regard to the fact that EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

While a formal matrix is not in use, the board regularly discusses the appropriate mix of skills and diversity and is collectively mindful of the recommendation and the requirements for the company as it continues to grow the scale of its operations.

Recommendation 2.3:

The Company should disclose:

- the names of the directors considered by the board to be independent directors.
- If a director has an interest, position, association or relationship which may influence or cast doubts about his or her independence, but the board is of the opinion that it does not compromise the independence of the director, the Company should disclose the nature of the interest, position, association or relationship in question and the explanation of why the board is of that opinion; and
- the length of service of each director.

Independence

An EVS director will be considered independent where he or she is:

- independent of management, that is a non-executive director; and
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case-by-case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The EVS board has made its own assessment to determine the independence of each director on the board. It is the board's view that during the year that the Chairman, Mr David Johnstone and director, Mr Hugh Robertson can be considered both non-executive and independent. Mr Adam Gallagher by virtue of his role as Company Secretary cannot be considered non-executive

and therefore not independent, and similarly Mr Peter White and Mr Robin Ormerod (up to his retirement on 28 September 2018) cannot be considered non-executive nor independent, on account of their executive employment contracts, as well as Mr Ormerod being a major shareholder.

In view of the size of the Company and the nature of its activities, the board considers that the current mix of skills, experience, qualifications and experience on the board is consistent with the short to medium term interests of the Company. The board will continue to evaluate the appropriate make-up of the board and monitor the requirements for independent directors in the context of the Company's communicated objectives.

The disclosure recommendations in Recommendation 2.3 are disclosed in the Director's Report as part of each Annual Report.

Recommendation 2.4:

The majority of the board should be independent directors.

Composition of the board

The EVS board currently comprises two (2) executive directors and two (2) non-executive director. As noted in the previous section, Adam Gallagher is only technically considered executive by virtue of his role as Company Secretary. The two non-executive directors are also considered to be independent. The executive directors are not considered to be independent due to their contractual relationships with the Company and (until his retirement on 28 September 2018) the substantial shareholding in the Company of the Managing Director, Mr Robin Ormerod.

The desirable composition of the board is based on the following factors:

- the Company's constitution provides for the number of directors to be not less than three (3) and not more than ten (10) as determined by directors from time to time;
- the board is cognisant that the position of Chairman should where possible be held by a non-executive director.
- Consistent with the Company's objective that the board should encompass a broad range of relevant expertise, the present board consists of directors with a collective of diverse skills, qualifications and experience and further details are provided in the Director's Report.
- The board considers that the individual Directors draw on their professional expertise, experience and skill-sets to make measured, considered and balanced decisions in the best interests of the Company.

There is no shareholding requirement imposed upon directors under the Company's Constitution; however, all of the directors of EVS hold shares or options either directly or indirectly in the Company.

Details of all holdings by directors in the Company in accordance with disclosure requirements are included within the Directors Report contained within the EVS Annual Report.

Recommendation 2.5:

The chair should be an independent director.

Chairman

The Chairman is elected by the board.

The current Chairman, Mr David Johnstone, was appointed as a non-executive director in February 2014 and elected Chairman in September 2016.

The appointment of Mr David Johnstone as Chairman resulted in an independent non-executive director acting as Chair from 2 September 2016.

The board will continue to assess the requirements of this recommendation in the context of the Company's individual circumstances and its communicated long-term objectives.

Separation of roles of Chair and CEO

For the year ended 30 June 2019, and at each point during the reporting period, the roles of Chairman and Chief Executive Officer were held by different people.

Recommendation 2.6:

An entity should have a program for the induction of new directors and provide appropriate professional development opportunities to all board members in order to develop and maintain the skills and knowledge needed to effectively perform their duties as a director.

Induction program

Procedures for induction of new directors are in place to allow new directors to participate fully and actively in board decision making at the earliest opportunity.

All directors are offered an induction program appropriate to their experience upon appointment so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the board. This program consists of written background material on the Company, its products, services and operations, scheduled meetings with the Chairman and Chief Executive Officer of the Company.

Director education

The board encourages directors to continue their education by participating in applicable workshops and seminars and attending site visits and undertaking relevant external education.

The Company Secretary provides directors with on-going information on corporate governance matters and other relevant and practical information to assist them in the discharge of their duties and obligations.

Board briefings and agendas

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the board is addressed.

Prior to each meeting, Directors receive financial, operational and strategy reports from senior management who are available both prior to and during meetings as requested to discuss reports with, and provide insights to, the board.

Access to information

All directors have access to company records and information, and receive regular detailed financial and operational reports from senior management.

The Company Secretary is available to all Directors for consultation on points of corporate governance, the Company constitution and the law. In addition, the Chairman and other Directors consult with each other and the Chief Financial Officer, and may confer and request additional information from any EVS employee or consultant. Management are available to discuss reports, and any issue arising, with the board as required.

Term of office, skills, experience and expertise of each director

The qualifications, experience and expertise of the directors, and the respective terms of office held by individual directors, are set out in the Directors Report contained within the Annual Report.

Independent professional advice

EVS has in place a procedure whereby, after appropriate consultation, directors are entitled to seek independent professional advice, at the expense of EVS, to assist them to carry out their duties as directors. The policy of EVS provides that any such advice is made available to all directors.

Principle 3: Promote ethical and responsible decision-making.

The entity should act ethically and responsibly.

Recommendation 3.1:

The Company should:

- Establish a code of conduct for its directors, senior executives and employee; and
- disclose that code or a summary of it.

Code of conduct

EVS is committed to the operation of its business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the Company and the industry in which it operates.

The board has approved a Code of Conduct that applies to all directors, executives, management and employees without exception.

The Code of Conduct is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all EVS directors, executives, management and employees in the context of their respective roles and the performance of their duties with EVS.
- directors, executives, management and employees are aware of their responsibilities to EVS under the terms of their appointment or contract of employment; and
- all of the stakeholders of the Company can be guided by the stated values and policies of EVS.

In summary, the Code provides that all directors and senior executives must:

- act honestly, in good faith and in the best interests of the company;
- use due care, skill and diligence in fulfilling their duties;
- use the power of their position for a proper purpose, in the interest of the company;
- not make improper use of information acquired by virtue of their position;
- not allow personal interest, or those of associates, to conflict with the interest of the company;
- exercise independent judgement and actions;
- maintain the confidentiality of company information acquired by virtue of their position;
- not engage in conduct likely to bring discredit to the company; and
- comply at all times with both the spirit and the letter of the law, as well as, policies of the company.

Principle 4: Safeguard integrity of financial reporting.

Entities should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1:

The board should have an audit committee and structure that committee so that it:

- has at least three (3) members and consists of a majority of independent directors; and
- is chaired by an independent chair, who is not chair of the board;

and disclose:

the audit committee charter;

- the members of the committee and their experience and qualifications;
- at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

Alternatively, if there is no audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Establishment of audit committee

EVS has a formal Audit and Risk Management committee which is a sub-committee of the board however for practical considerations associated with the small size and scale of the Company, and the make-up of the board, the Company has elected not to adopt each of the sub-recommendations set out in Recommendation 4.1.

The Committee consists of only two directors and the Chair of the Committee is not the Chair of the board. The Company believes that the Committee members are the best qualified members of the Board to effectively perform the functions of the Committee in accordance with the Charter which is published on the Company's website. The board considers that the technical skills, qualifications and experience represented by the involvement of members Mr David Johnstone and Mr Adam Gallagher are most suited to the effective discharge of these responsibilities.

The number of meetings held in each financial year and the attendance at those meetings is disclosed in the Annual Report.

The board will continue to monitor the requirements of this recommendation in the context of the Company's prevailing position and circumstances.

Audit committee – terms of reference

Notwithstanding, the EVS Audit and Risk Management Committee role and responsibilities, composition, structure and membership requirements are detailed in a formalised Audit and Risk Management charter that is available on the Company's website.

Reflecting the relative small size of the Company the Audit and Risk Management Committee is responsible for:

- reviewing the annual and half year financial reporting carried out by EVS;
- reviewing the accounting policies of EVS;
- reviewing the scope and audit programmes of the external auditors and any material issues arising from these audits;
- oversee the independence of external auditors and determining procedures for the rotation of audit partners; and
- the sufficiency of, and compliance with, ethical guidelines and company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;
- identification of the full range of actual or potential risk exposures which are material to EVS; and
- the effectiveness of the group's risk management systems and strategies.

Meetings

The members of the Audit and Risk Management committee meet informally on a monthly basis to review and manage risks and reporting and report on those matters at each monthly board meeting. Formal meetings of the committee are held prior to the release of the Half Year and Annual Reports and as required to fulfil its obligations.

Reporting

The committee members converse as and when required on matters relevant to the audit function.

Engagement and rotation of external auditor

The board is responsible for nominating the external auditor. If the board recommends a change in external auditor, the board's nomination of external auditors requires Security holder approval. The board approves the compensation of the external auditor.

The board meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on scope, quality and independence of the audit.

It has been determined by the board that the external auditor will not provide services to the Company where the auditor would:

- have a mutual or conflicting interest with the Company;
 - be in a position where they audit their own work;
 - function as management of the Company; or
 - have their independence impaired or perceived to be impaired in any way.
- Specifically, the external auditor will not normally provide the following types of services to the Company:
- bookkeeping or other services relating to the accounting records of the Group;
 - financial information or information technology systems design or implementation;
 - appraisal and valuation services, fairness opinions or contributions in kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
 - broker or dealer services, investment advisor, corporate finance or investment banking services; and
 - legal and litigation support services.

Procedures are in place governing approval of any non-audit work before the commencement of any engagement.

The board has elected to adopt a policy which is consistent with the primary and secondary rotation obligations regarding auditors such that:

- the lead or review audit partner's responsibilities may not be performed by the same person for longer than five (5) consecutive years ("primary rotation obligation"); and
- the lead or review audit partner's responsibilities may not be performed by the same person for more than five (5) out of seven (7) consecutive years ("secondary rotation obligation").

In addition, the board requires a minimum of two (2) consecutive years "cooling off" period before an auditor undergoing rotation can return to playing a significant role in the audit of the Company.

Mr Shaun Lindemann of PKF Brisbane Audits was the lead audit partner for EVS for the year ended 30 June 2019.

The lead signing and review External Audit Partner attends that part of board meetings pertaining to audit matters by standing invitation.

Number of meetings and names of attendees

The details of the formal Audit and Risk Management committee meetings held during each financial year including the number of meetings and the names of the attendees are disclosed in the Annual Report.

Recommendation 4.2:

The board should, before it approves the entity's financial statements, receive from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and such declaration be provided in accordance with Section 295A of the Corporations Act and the declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

CEO and CFO assurance

The Chief Executive Officer and the Chief Financial Officer of EVS report in writing to the board that:

- consolidated financial statements of EVS and its controlled entities for each half year and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards; and
- declarations provided in accordance with Section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board has received assurance from the Chief Executive Officer and the Chief Financial Officer under Recommendation 4.2 in respect of each financial year. This assurance is provided in accordance with the process outlined in this Statement.

Recommendation 4.3:

The Company should ensure that its external auditor attends its AGM and is available to answer questions from security holders pertaining to the audit.

External auditor attendance at AGM

EVS seeks to ensure that the lead audit partner or his representative attends the AGM in order to be available to answer questions from security holders pertaining to the audit.

Principle 5: Make timely and balanced disclosure.

Entities should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.

The EVS board is committed to keeping its security holders, and the market, fully informed of major developments having an impact on the Company.

Comprehensive procedures are in place to identify matters that are likely to have a material effect on the price, or value of EVS securities and to ensure those matters are notified to the ASX in accordance with ASX disclosure requirements.

The Chief Executive Officer and the board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of the Company's shares listed on the ASX.

The Company Secretary is responsible for lodging all communications with the ASX.

Principle 6: Respect the rights of security holders.

The entity should respect the rights of security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1:

The Company should provide information about itself and its governance to investors via its website.

Security holder communication policy

EVS recognises the rights of security holders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

EVS is committed to:

- dealing fairly, transparently and openly with both current and prospective security holders;
- the use of available channels and cost effective technologies to reach security holders who may be geographically dispersed and in order to communicate with all security holders; and
- facilitating participation in Security holder meetings and dealing promptly with Security holder enquiries.

EVS communicates information to security holders through:

- the annual report;
- disclosures to the ASX and ASIC;
- notices and explanatory memorandum of annual general meetings and general meetings;
- occasional letters from the Chief Executive Officer to inform security holders of key matters of interest;
- the Company's website; and
- opt-in email notifications of ASX announcements and other news items relevant to their interest in the Company.

Recommendation 6.2:

The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.

Investor relations program

EVS employs a communications manager whose role is to manage effective internal and external communications for clients, shareholders, staff, industry and other stakeholders. During the period and from time to time the group retains the services of external Investor Relations advisors and implements strategies and communication activities with the aim of encouraging and facilitating investor interest and engagement with the Company.

The Directors and Chief Executive Officer meet regularly with and make themselves available to investors for the purpose of providing effective two-way communication.

Recommendation 6.3:

The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meeting of security holders.

The board encourages active participation by security holders at each Annual General Meeting, or other general meetings, to ensure a high level of accountability and understanding of EVS's strategy, performance and goals.

Consistent with best practice, important issues are presented to security holders as single resolutions expressed in plain, unambiguous language. Proceedings are held in a locality, and at a readily accessible venue, conducive to maximising the number of security holders present, and able to participate, at the meeting. In addition to the formal aspects of the meeting, the CEO may present an overview of the Company in a separate presentation or provide a demonstration of the Company's software products. Security holders are provided with opportunities of asking the board questions that they may have including those regarding the management of the Company.

Recommendation 6.4:

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Electronic communications from shareholders for the submission of queries, comments and voting including proxy forms, are encouraged by both the Company and its security registry provider Boardroom Limited. On the each ASX announcement the Company displays a dedicated email address for investors to contact. Documents including holding statements, Annual Reports and proxy forms are mainly conveyed by email unless otherwise requested by the shareholder.

Principle 7: Recognise and manage risk.

Companies should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1:

The board should have a risk committee and structure that committee so that it:

- has at least three (3) members and consists of a majority of independent directors; and
- is chaired by an independent chair, who is not chair of the board;

and disclose:

- the risk committee charter;
- the members of the committee;
- at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

Alternatively, if there is no risk committee or the committee does not satisfy the recommend structure, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Risk committee

EVS has elected to combine and delegate the functions of primary Audit and Risk oversight to the Audit and Risk Management Committee that are set out and governed by the Audit and Risk Management Charter that is available on the Company's website.

Given the make-up of the board in regard to the mix of executive and non-executive members and their respective skill-sets, the audit committee is made up of only two directors and the Chair of the committee is not the Chairman of the board however that Chair is not regarded as an independent director. The names of the Committee members as well as the details of the Committee meetings are disclosed in the Company's Annual Report.

Although EVS has not fully adopted Recommendation 7.1, it considers that its existing practices, detailed within this Statement and the Audit and Risk Management charter, are an efficient means of meeting the needs of the Company, particularly having regard to the fact that EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

The board will however, continue to monitor the requirements of this recommendation in the context of the Company's prevailing position and circumstances.

Recommendation 7.2:

The board should:

- review the risk management framework at least annually to satisfy itself that it continues to be sound; and
- disclose, in relation to each reporting period, whether a review has taken place.

Oversight and management of material business risks

The board of EVS:

- recognise that effective management of risk is an integral part of good management and vital to the continued growth and success of EVS;
- is responsible for the oversight of the Group's risk management and control framework including the development of risk profiles as part of the overall business and strategic planning process including budgeting, decision making (e.g. investment appraisal), monitoring and reporting, project management and internal controls; and
- has implemented a policy framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an ongoing basis, and that adequate controls are in place and functioning effectively.

The EVS risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address the Company's unique operating environment and is utilised by the board as a means of identifying opportunities and avoiding or mitigating losses in the context of its business.

During the previous reporting period, due to the change in scale and nature of the Company operations from the previous reporting periods, the Company developed a new Risk Register in collaboration with an external Risk management specialist to facilitate the process. The resulting Risk Register was subsequently approved and adopted by the board and a process reinstated whereby the management risk oversight and reporting processes feed into the Audit and Risk Management committee and the board. The Risk Register has been formally reviewed by the Audit and Risk Management Committee in conjunction with the board and Chief Executive Officer. The Risk Register and the ongoing reporting against the register, have been updated with minor amendments to address the incremental scaling of the business since the previous reporting report.

The Chief Executive Officer has ultimate responsibility for the control and management of operational risk and the implementation of avoidance or mitigation measures within the Group and may delegate control of these risks to the appropriate level of management at each location.

The Chief Executive Officer's approach to management of risk as part of key business processes includes consideration, identifying, managing and monitoring uncertainties and vulnerabilities that might impact on the achievement of our corporate goals and reputation.

Recommendation 7.3:

The Company should disclose:

- if it has an internal audit function, how that function is structured and what role it performs; or
- if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Internal audit function and review of risk management framework

EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition. As such it is not practical to have an internal audit function.

Through the Risk register, the risk management processes undertaken by management and the Audit and Risk Management committee, the board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key performance measures. The board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Management reports to the board on the effectiveness of the Company's management of its material business risks in respect of each financial year. This report was undertaken in accordance with the process outlined in this Statement.

Recommendation 7.4:

The company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

EVS is cognisant that the business community should address matters of economic, environmental and social sustainability and the need to be transparent on these matters to enable investors to properly assess investment risk.

EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition. Given its size and operations the Company considers that it does not have specific material exposures to economic, environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly.

An entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders

Recommendation 8.1:

The board should establish a remuneration committee.

The remuneration committee should be structured so that it:

- has at least three (3) members and consists of a majority of independent directors; and
- is chaired by an independent chair, who is not chair of the board;

and disclose:

- the remuneration committee charter;

- the members of the committee;
- at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

Alternatively, if there is no remuneration committee or the committee does not satisfy the recommend structure, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Establishment of remuneration committee

EVS has a formal Remuneration and Nomination committee which is a sub-committee of the board however for practical considerations associated with the small size and scale of the Company, and the make-up of the board, the Company has elected not to adopt each of the sub-recommendations set out in Recommendation 8.1.

The committee consists of only two directors and the Chair of the committee is also the Chair of the board. The Company believes that the committee members are the best qualified members of the Board to effectively perform the functions of the committee in accordance with the Charter which is published on the Company's website. The number of meetings held in each financial year and the attendance at those meetings is disclosed in the Company's Annual Report.

The details of the responsibilities and functions of the committee is set out in the charter and in summary the committee is responsible for giving due consideration to the overall remuneration policies and strategies and strategies of the Company during the conduct of its regular committee meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

Recommendation 8.2:

An entity should separately disclose its policies and practices regarding the remuneration of non-executive directors' and the remuneration of executive directors and other senior executives.

Executive director and non-executive director remuneration

The aggregate remuneration of non-executive directors is approved by security holders.

Individual directors' remuneration is determined by the board, within the approved aggregate total. In determining the appropriate level of director's fees, data from surveys undertaken of other public companies similar in size or market section to EVS is taken into account.

Non-executive directors of EVS are:

- not entitled to participate in performance based remuneration practices unless approved by security holders.
- currently remunerated by means of the payment of cash benefits in the form of directors' fees or alternatively by issue of securities in lieu of cash benefits provided it is approved by security holders.

EVS does not currently have in place a retirement benefit scheme or allowance for its non-executive directors, except for the payment of superannuation, as required by law.

A review of the compensation arrangements for the Chief Executive Officer and Senior Executives is conducted by the Remuneration and Nomination committee at formal and informal committee meetings. A formal review is performed at least annually and is based upon criteria including individual performance, market rates paid for similar positions and the results of the Company during the relevant period.

The broad remuneration policy objective of EVS is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest possible quality and standard to enable the organisation to succeed.

The board ensures that any payments of equity based executive remuneration is made in accordance with the broad remuneration policy objectives of the Company.

EVS is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies.

Policy disclosure

The Company's policies relating to the remuneration of Directors and Senior Executives and the level of their remuneration are detailed annually in the Directors' Report contained within the Annual Report and Notes to and forming part of the Financial Statements.

Recommendation 8.3:

An entity which has an equity-based remuneration scheme should:

- have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- disclose that policy or a summary of it.

Remuneration scheme

As at the reporting date the Company has not implemented a formal equity-based remuneration scheme. A small select number of key executives have equity-based incentives set out in their individual contracts that involve potential equity payments at the Company's discretion in lieu of cash for performance bonuses and the issue of performance rights. The aggregate amounts of these incentives are not material and there are no restrictions placed on the ordinary shares that may be issued under these arrangements.

In the event that the board determines that it is in the best interests of security holders to implement a formal equity-based remuneration scheme, the scheme will be designed to ensure that it does not limit the economic risk and that it meets requirements of Section 206J of the Corporations Act.

PKF Brisbane Audit



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ENVIROSUITE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE AUDIT

A handwritten signature in blue ink, appearing to read 'S Lindemann'.

SHAUN LINDEMANN
PARTNER

23RD AUGUST 2019
BRISBANE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Year ended	Year ended
		30 June 2019 \$'000	30 June 2018 \$'000
Continuing Operations			
Trading revenue		7,116	3,152
Other revenue		585	681
Total operating revenue	4	7,701	3,833
Cost of revenue	6	(5,521)	(1,607)
Gross profit		2,180	2,226
Operating expenses			
Sales and marketing		(3,981)	(3,643)
General and administration		(3,168)	(3,944)
Due diligence and acquisition costs - Odotech		-	(178)
Total operating expenses	6	(7,149)	(7,765)
Foreign currency (losses) / gains		101	12
Operating deficit		(4,868)	(5,527)
Depreciation and amortisation		(1,217)	(383)
Net finance income		156	132
Net loss before tax		(5,929)	(5,778)
Income tax (expense) / benefit		(67)	24
Loss for the year from continuing operations		(5,996)	(5,754)
Discontinued Operations			
Profit / (Loss) from discontinued operations		-	586
Net loss for the year		(5,996)	(5,168)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(121)	(61)
Other comprehensive income for the year, net of tax		(121)	(61)
Total comprehensive income/(loss) for the year		(6,117)	(5,229)
Net (loss)/profit attributed to: Equity holders of Envirosuite Limited		(5,996)	(5,168)
Total comprehensive (loss)/income attributable to: Equity holders of Envirosuite Limited		(6,117)	(5,229)
(Loss)/earnings per share from continuing and discontinued operations attributable to the ordinary equity holders of Envirosuite Limited		Cents	Cents
Basic (loss) / earnings per share from continuing and discontinued operations	31	(1.62)	(2.24)
Basic (loss) / earnings per share from continuing operations	31	(1.62)	(2.49)
Basic (loss) / earnings per share from discontinued operations	31	-	0.25
Diluted (loss) / earnings per share from continuing and discontinued operations	31	(1.68)	(2.21)
Diluted (loss) / earnings per share from continuing operations	31	(1.68)	(2.46)
Diluted (loss) / earnings per share from discontinued operations	31	-	0.25

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	Consolidated Group	
		30 June 2019 \$'000	30 June 2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	7,564	3,648
Trade and other receivables	10	1,501	1,386
Other assets	11	172	166
Inventories	12	328	109
Total current assets		9,565	5,309
Non-current Assets			
Property, plant and equipment	13	277	290
Deferred tax assets	19	453	414
Intangible assets	14	5,555	5,107
Total non-current assets		6,285	5,811
TOTAL ASSETS		15,850	11,120
LIABILITIES			
Current Liabilities			
Trade and other payables	15	1,201	902
Revenue in advance	18	1,483	851
Provisions	17	625	508
Borrowings	16	42	74
Total current liabilities		3,351	2,335
Non-current Liabilities			
Provisions	17	63	45
Borrowings	16	107	154
Total non-current liabilities		170	199
TOTAL LIABILITIES		3,521	2,534
NET ASSETS		12,329	8,586
EQUITY			
Issued capital	20	36,060	26,282
Reserves	21	132	251
Retained losses	21	(23,863)	(17,947)
Total equity		12,329	8,586

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated Group			
	Ordinary shares \$'000	Reserves \$'000	Retained losses \$'000	Total Equity \$'000
At 1 July 2017	26,282	700	(13,127)	13,854
Comprehensive income				
Loss for the year	-	-	(5,168)	(5,168)
Other comprehensive income for the year	-	(61)	-	(61)
Total comprehensive loss for the year	-	(61)	(5,168)	(5,230)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued / to be issued to employees	-	-	-	-
Employee share options settled - value of employee services	-	(388)	348	(39)
Total transactions with owners and other transfers	-	(388)	348	(39)
At 30 June 2018	26,281	251	(17,947)	8,586
	Ordinary shares \$'000	Reserves \$'000	Retained losses \$'000	Total Equity \$'000
At 1 July 2018	26,282	251	(17,947)	8,586
Comprehensive income				
Loss for the year	-	-	(5,996)	(5,996)
Other comprehensive income for the year	-	(121)	-	(121)
Total comprehensive loss for the year	-	(121)	(5,996)	(6,117)
Transactions with owners, in their capacity as owners, and other transfers				
Issue of shares (Institutional Placement)	10,000	-	-	10,000
Transaction costs of capital raising (inc. tax effect)	(453)	-	-	(453)
Shares issued / to be issued to employees	231	10	45	286
Employee share options - value of employee services	-	27	-	27
Shares options expired	-	(35)	35	-
Total transactions with owners and other transfers	9,778	2	80	9,860
At 30 June 2019	36,060	132	(23,863)	12,329

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Group	
		Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Cash flows from operating activities			
Receipts from customers		8,405	3,060
Payments to suppliers and employees		(13,362)	(10,568)
		(4,957)	(7,508)
Other revenue		524	1,425
Interest received		139	129
Interest paid		(21)	(7)
Net cash (used in) operating activities	30	(4,315)	(5,961)
Cash flows from investing activities			
Payments for property, plant and equipment		(65)	(257)
Payments for acquisition of business		-	(430)
Payments for intangible assets		(1,385)	(1,488)
Proceeds from sale of business		50	375
Payments for sale of business		-	(105)
Net cash (used in) / provided by investing activities		(1,400)	(1,905)
Cash flows from financing activities			
Proceeds from borrowings		-	144
Repayment of borrowings		(32)	(112)
Proceeds from issue of shares		10,174	-
Share issue transaction costs		(544)	-
Net cash provided by financing activities		9,598	32
Net (decrease) / increase in cash and cash equivalents			
Effects of exchange rate changes on cash and cash equivalents		33	12
Cash and cash equivalents at the beginning of the financial year		3,648	11,471
Cash and cash equivalents at the end of the period		7,564	3,648

The accompanying notes form part of these financial statements.

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Notes to Financial Statements

For the Financial Year Ended 30 June 2019

These consolidated financial statements and notes represent those of Envirosuite Limited and controlled entities (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Envirosuite Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 23 August 2019 by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Envirosuite Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity 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.

A list of subsidiaries is contained in note 29 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between entities in the Consolidated Group are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Envirosuite Limited.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. The acquisition method of accounting is used to account for all business combinations, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, with changes in fair value recognised in profit or loss, unless the change in fair value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in the profit and loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Refer to note 28 for business combinations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Principles of consolidation (continued)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interests; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amount of goodwill.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the board of directors. Refer Note 3 for segment information, which also describes the change in segments during the year.

Geographical segmentation is the primary basis of segmentation used by the Group.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 *Operating Segments* are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(c) Revenue recognition and revenue received in advance

The following is a summary of the revenue recognition for each revenue stream:

(i) Recurring revenue – this is comprised of platform subscription revenues and maintenance and support services related to monitoring equipment provided by the group. These revenues are recognised over time being over the term of the contracts, based on the effort incurred by the group being as the services are provided.

(ii) Non recurring revenue – this is comprised of revenue from one-off services provided by the group and from the sale of monitoring equipment. Revenues from these activities are recognised at a point in time as the services are performed or equipment is delivered, in line with the performance obligations implicit in the respective contracts. Revenue is recognised in line with the achievement of identified performance obligations per each specific contract at amounts appropriate to the completion of the performance obligation.

Revenue received in advance is recognised when the Group has received a greater amount of revenue from the customer than it is entitled to recognise, in accordance with the revenue recognition policies of the Group.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Government grants and rebates

Grants and rebates from the government are recognised at their fair value where there is a reasonable assurance that the grant or rebate will be received and the Group will comply with all the attached conditions.

Government grants and rebates relating to costs are deferred and recognised as income over the period necessary to match them with the costs that they are intended to compensate.

Government grants and rebates relating to the purchase of property, plant and equipment and the development of IT and software capital costs are included in non-current liabilities as deferred income and are credited to income on a straight line basis over the expected lives of the related assets.

(e) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when a legally enforceable right of set-off exists and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Envirosuite Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. In addition to its own current and deferred tax amounts, Envirosuite Limited also recognises the current tax liabilities and the deferred tax amounts arising from unused tax losses and unused tax credits assumed from controlled entities in the tax Consolidated Group.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases (note 16). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is expensed over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight line basis over the period of the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of assets

At the end of each reporting period, the Group assess whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources. If such an indication exists, an impairment test is carried out on the asset by comparing the assets carrying value to its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 - 90 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

(k) Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the consolidated statement of financial position.

Recognition and de-recognition

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Plant and equipment

Plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in the profit or loss during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Depreciation is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

•	Vehicles	3 - 8 years
•	Furniture, fittings and equipment	2 - 20 years
•	Leased plant and equipment	3 - 11 years
•	Leasehold improvements	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(m) Intangible assets other than Goodwill

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over 7 years for each completed project module. Amortisation commences on each module only when complete. Refer to Note 1 (x) for change in estimate relating to the useful life of software.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which is currently 7 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(p) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Foreign Currency Transactions and Balances (continued)

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(r) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments

Share based compensation benefits are provided to employees and directors via the Envirosuite Limited Employee Share Option Plan and the Envirosuite Limited Employee Share Plan. Information relating to these schemes is set out in note 32.

The fair value of options granted under the Envirosuite Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Under the Envirosuite Limited Employee Share Plan, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buyback, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

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

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

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

Envirosuite Limited and its wholly owned Australian controlled entities except Envirosuite Holdings Pty Ltd are grouped for GST.

(w) Rounding of amounts

The Company is of a kind referred to in legislative instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Impairment of goodwill and other intangible assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(g). The recoverable amounts of subsidiaries have been determined based on value in use calculations. These calculations require the use of assumptions.

The group has also performed a valuation of intangible software assets to assist management with its assessment of impairment. Refer to note 14 for the details of these assumptions.

Changes in Accounting Policies & Estimates

This note describes the nature and effect of the adoption of AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

(i) Change in accounting policies

Refer to Note 1 (v) New and amended standards adopted by the group – changes in accounting policies.

(ii) Change in accounting estimates

During the period the useful life of the intangible assets - software was re-assessed. Based on the rate of advancement in technology and changing environmental regulatory and compliance frameworks more broadly, the Group has determined that 7 years is a more appropriate useful life of software (previously 10 years). This change to 7 years was effective from 1 July 2018.

Income taxes

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key Judgements

Fair value of share options

In calculating the fair value of the director and employee share options, the Company has made a number of assumptions in determining the inputs for the Black-Scholes option pricing module. Refer to note 32 for details of these assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences if management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Sufficient management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Provision for impairment of receivables

A provision for impairment of receivables of \$56,270 was considered necessary as at the end of the 2019 reporting period (2018: \$40,612). Refer to note 10.

(y) New and amended standards adopted by the group – changes in accounting policies

There were two new standards adopted during the period. This note explains the impact of the adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2018.

AASB 9 Financial Instruments: (effective for 30 June 2019 reporting period)

This standard replaces AASB 139 and addresses the classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The group notes the following impacts from the adoption of the new standard on 1 July 2018. Adoption of AASB 9 has resulted in the reclassification of the following financial instruments:

Category	Previously AASB 139	Currently AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Trade and other payables	Other financial liabilities	Other financial liabilities
Loans and borrowings	Other financial liabilities	Other financial liabilities

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to the group in relation to financial assets classified at amortised cost, being the group's trade receivables. Based on the group's assessment of historical provision rates, there is no material financial impact on the impairment provisions on adoption of this standard and no adjustment to retained earnings is required. For the current period, the group has elected to measure loss allowances on trade receivables using a life-time expected loss model. The group has also used the practical expedient of a provisions matrix using a single loss rate approach to approximate the expected credit losses. These provisions are considered representative across all business and geographical segments of the group based on historical credit loss experience.

The standard requires that for financial liabilities designated at fair value through profit or loss (FVTPL) any change in fair value arising as a consequence of a change in the company's own credit risk should be recognised in other comprehensive income rather than profit or loss. The group's financial liabilities carried at FVTPL include deferred acquisition consideration.

The new hedge accounting rules have no impact on the group's financial statements.

Following adoption of AASB 9 on 1 July 2018, there is no material impact on the group's financial position and no restatement is required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) New and amended standards adopted by the group – changes in accounting policies (Continued)

AASB 15 Revenue from Contracts with Customers: (effective for 30 June 2019 reporting period)

This standard addresses recognition of revenue. It replaces the previous revenue recognition guidance in AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer.

The group adopted AASB 15 from 1 July 2018 which resulted in changes in accounting policies relating to the recognition of revenue. Management have reviewed each of the group's revenue streams under the five-step model outlined in AASB 15 and concluded adoption of AASB 15 has no material impact on revenue recognition. Therefore, there is no requirement to restate revenue reported in prior periods. The details of the review process are outlined below.

Accounting policies have been amended to ensure that the five-step method is applied consistently to revenue recognition processes across the group. To assess the impact of AASB 15 on the group, each contract type was analysed, with the five-step method applied to assess the impact on revenue recognition. The five-step method for recognising revenue from contracts with customers involves consideration of the following: 1. Identifying the contract with the customer 2. Identifying performance obligations 3. Determining the transaction price 4. Allocating the transaction price to distinct performance obligations 5. Recognising revenue.

The following is a summary of the revenue recognition for each revenue stream:

(i) Recurring revenue – this is comprised of platform subscription revenues and maintenance and support services related to monitoring equipment provided by the group. These revenues are recognised over time being over the term of the contracts, based on the effort incurred by the group being as the services are provided.

(ii) Non recurring revenue – this is comprised of revenue from one-off services provided by the group and from the sale of monitoring equipment. Revenues from these activities are recognised at a point in time as the services are performed or equipment is delivered, in line with the performance obligations implicit in the respective contracts. Revenue is recognised in line with the achievement of identified performance obligations per each specific contract at amounts appropriate to the completion of the performance obligation.

New Accounting Standards, Interpretations and Amendments to published standards that are not yet effective

A number of new standards, amendments and interpretations to existing standards have been published by the Australian Accounting Standards Board (AASB) that are effective for future periods and which the group will adopt when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the group, except:

AASB 16 Leases: (effective for 30 June 2020 reporting period)

AASB 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and supersedes AASB 117 Leases. AASB 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The accounting for lessors will not significantly change. This standard will primarily affect accounting for the group's operating leases. AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The group is not required to adopt this new standard until the annual reporting period ending 30 June 2020 and has not adopted it in the current financial report.

The group is finalising its assessment of the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the group. At present, the group anticipates to adopt the modified retrospective approach in the year ending 30 June 2020 and will not restate comparative amounts. As the group has non cancellable operating lease commitments of \$0.3M, the impact of the new standard will result in a material right of use asset and lease liability measured at net present value, with the difference recorded in retained earnings on application.

Due to the complexity involved in calculating the impact of AASB 16, management have not yet finalised this assessment, therefore no quantification of the impact has been made. Calculation complexity has been impacted by key judgements, including the incremental borrowing rate used to discount lease assets and liabilities and the uncertainties surrounding lease terms including potential rights of renewals (renewals are assessed on a lease by lease basis).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Parent entity financial information

The financial information for the parent entity, Envirosuite Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of Envirosuite Limited.

Tax consolidation legislation

Envirosuite Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Envirosuite Limited, accounts for tax of the consolidated group as if it was a single entity.

In addition to its own current and deferred tax amounts, Envirosuite Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

All tax assets or liabilities arising under tax funding agreements with the tax consolidated entities are assumed by the parent entity. The group does not allocate to each subsidiary its tax assets or liabilities.

(aa) Funding and liquidity

The group recorded a cash balance of \$7,564,000 (June 2018: \$3,648,000) as at 30 June 2019.

The Group recorded negative operating cash flows of \$4,315,449 and recurring operating losses of \$5,996,257.

Notwithstanding the negative operating cash flow and recurring losses recorded during the year, given the group's budgeted profit targets and availability of capital investment (if required), the Directors are of the view that the group will continue to be able to pay its debts as and when they fall due.

It is on the basis of the group's ability to achieve budgeted profit targets and availability of capital investment (if required), that the Directors have prepared the financial report on a going concern basis.

2. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and other related parties, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2019	2018
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	9	7,564	3,648
Trade and other receivables	10	1,501	1,386
Total financial assets		9,065	5,034
Financial liabilities			
Trade and other payables	15	1,201	902
Borrowings (current and non-current)	16	149	228
Total financial liabilities		1,350	1,130

Financial risk management policies

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for managing financial risk exposures of the Group. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

Specific financial risk exposures and management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk and liquidity risk.

Market risk

Foreign exchange risk

As the Group expands internationally, there is an increasing exposure to foreign exchange risk through customer contracts denominated in foreign currencies. This exposure is managed through periodic review of customer price lists, relative to the Group base product price list denominated in Australian dollars and are adjusted accordingly to account for any material movements in foreign currency exchange rates.

Price risk

The Group is not exposed to equity securities price risk. The Group is not exposed to commodity price risk.

2. FINANCIAL RISK MANAGEMENT (continued)

Cash flow and fair value interest rate risk

The Group has limited exposure to interest rate risk. With limited borrowings, the only remaining interest rate risk at reporting date arises from bank deposits as follows:

	2019 Weighted average interest rate %	Balance \$'000	2018 Weighted average interest rate %	Balance \$'000
Cash and cash equivalents	1.6%	7,564	1.3%	3,648
Net exposure to cash flow interest rate risk		7,564		3,648

The Group manages its interest rate risk by analysing 'what if' scenarios simulated where the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest bearing positions. The simulation is done half yearly to verify that the maximum loss potential is within the limit given by management.

Group sensitivity

At 30 June 2019, if interest rates had decreased by 2% or increased by 2% from the year end rates with all other variables held constant, post-tax profit or loss for the year would have been \$151,290 higher / \$151,290 lower (2018: changes of -2% / +2%: \$72,953 higher / \$72,953 lower), mainly as a result of higher / lower interest income from cash and cash equivalents.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

	Carrying amount \$'000	Interest rate risk			
		-2% Profit \$'000	Other Equity \$'000	+2% Profit \$'000	Other Equity \$'000
At 30 June 2019					
Financial assets					
Cash and cash equivalents	7,564	(151)	-	151	-
Trade and other receivables	1,501	-	-	-	-
Financial liabilities					
Trade and other payables	1,201	-	-	-	-
Borrowings	149	-	-	-	-
Total (increase) / decrease		(151)	-	151	-

2. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Currently there are no individual credit limits set, however going forward this will be considered by the Audit and Risk Committee and the Board to improve controls over credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above. For some trade receivables, given that the customers are generally without external credit ratings, the Group obtains comfort in the form of executed proposal agreements and quotations detailing fees and billing schedules.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about payment history and any default rates.

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Trade receivables		
<i>Counterparties without external credit rating</i>		
• A customers (aged 0 – 30 days)	1,015	487
• B customers (aged 31 – 60 days)	46	136
• C customers (aged 61 – 120 days)	259	343
• D customers (aged 120+ days)	-	-
Total trade receivables	1,320	966

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Financial liability and financial asset maturity analysis

The table below analyses the Group's financial liabilities and assets into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities due for payment								
Trade and other payables	1,201	902	-	-	-	-	1,201	902
Borrowings	42	88	107	140	-	-	149	228
Total expected outflows	1,243	990	107	140	-	-	1,350	1,130
Financial assets – cash flows realisable								
Cash and cash equivalents	7,564	3,648	-	-	-	-	7,564	3,648
Trade and other receivables	1,501	1,386	-	-	-	-	1,501	1,386
Total anticipated inflows	9,065	5,034	-	-	-	-	9,065	5,034
Net inflow/(outflow) on financial instruments	7,822	4,044	(107)	(140)	-	-	7,716	3,904

2. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. SEGMENT INFORMATION

(a) Description of the change

During the period, management reviewed the operating segments of the Group. As a result of the review, a change was made from one segment on a product basis to five segments on a geographical basis.

(b) Description of segments

The Group is organised into four geographic operating segments: Asia-Pacific ('APAC'), North America, South America and Europe, Middle-East and Africa ('EMEA') plus a central Corporate segment which contains costs that are managed centrally that are not allocated to the geographic segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors, (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

(c) Segment performance

Year ended
30 June 2019

Continuing Operations	APAC \$'000	Nth America \$'000	Sth America \$'000	EMEA \$'000	Corporate (incl R&D) \$'000	Total \$'000
Trading revenue						
Recurring revenue	1,309	1,029	698	608	-	3,644
Non recurring revenue	93	245	1,358	1,775	-	3,472
Other revenue	1	14		5	565	585
Total operating revenue	1,403	1,288	2,056	2,388	565	7,701
Cost of revenue	(755)	(1,490)	(1,168)	(969)	(1,139)	(5,521)
Gross profit	649	(202)	888	1,419	(575)	2,180
Operating expenses						
Sales and marketing	(327)	(1,223)	(450)	(1,040)	(940)	(3,981)
General and administration	(46)	(235)	(300)	(73)	(2,514)	(3,168)
Due diligence and acquisition costs - Odotech	-	-	-	-	-	-
Total operating expenses	(373)	(1,457)	(750)	(1,113)	(3,454)	(7,149)
Foreign Currency (Losses) / Gains	(12)	(72)	(17)	68	134	101
Operating profit / (deficit) from continuing operations	263	(1,732)	121	374	(3,895)	(4,868)
Depreciation and amortisation	-	(12)	(20)	(4)	(1,180)	(1,217)
Net finance income	-	2	-	-	154	156
Operating profit / (deficit) before tax	263	(1,742)	101	370	(4,921)	(5,929)

3. SEGMENT INFORMATION (Continued)

(c) Segment performance (Continued)

Year ended
30 June 2018

Continuing Operations	APAC \$'000	Nth America \$'000	Sth America \$'000	EMEA \$'000	Corporate (incl R&D) \$'000	Total \$'000
Trading revenue						
Recurring revenue	1,300	526	252	176	-	2,254
Non recurring revenue	48	488	312	49	-	897
Other revenue	20	8	29	-	625	681
Total operating revenue	1,368	1,023	593	225	625	3,833
Cost of revenue	(624)	(741)	(20)	(143)	(78)	(1,607)
Gross profit	743	282	573	82	546	2,226
Operating expenses						
Sales and marketing	(247)	(1,189)	(365)	(829)	(1,013)	(3,643)
General and administration	(185)	(506)	(321)	(171)	(2,761)	(3,944)
Due diligence and acquisition costs - Odotech	-	-	-	-	(178)	(178)
Total operating expenses	(432)	(1,695)	(686)	(1,001)	(3,952)	(7,765)
Foreign Currency (Losses) / Gains	(1)	(13)	(1)	(9)	35	12
Operating profit / (deficit) from continuing operations	310	(1,425)	(114)	(928)	(3,370)	(5,527)
Depreciation and amortisation	-	(6)	(1)	(3)	(374)	(383)
Net finance income	-	-	-	-	132	132
Operating profit / (deficit) before tax	310	(1,432)	(115)	(931)	(3,612)	(5,778)

(b) Total segment assets

	APAC \$'000	Nth America \$'000	Sth America \$'000	EMEA \$'000	Corporate (incl R&D) \$'000	Total \$'000
30 June 2018	180	1,436	372	203	8,929	11,120
30 June 2019	1,494	2,285	1,023	871	10,177	15,850

(c) Total segment liabilities

	APAC \$'000	Nth America \$'000	Sth America \$'000	EMEA \$'000	Corporate (incl R&D) \$'000	Total \$'000
30 June 2018	405	3,025	318	635	(1,848)	2,534
30 June 2019	422	5,765	1,003	2,253	(5,922)	3,521

4. REVENUE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
From continuing operations		
Recurring revenue	3,644	2,567
Non recurring revenue	3,472	585
Trading revenue	7,116	3,152
Other revenue		
Research and development tax incentives	467	562
Other revenue	108	111
Profit on sale of fixed assets	10	8
Other revenue	585	681
Total revenue - continuing operations	7,701	3,833

Research and Development Tax Incentives

Research and Development Tax Incentives included for the year ended 30 June 2019 are \$467,224 (2018: \$1,305,944).

These R&D tax incentives are applicable to the 30 June 2018 financial year. Any such R&D tax incentives applicable to activities undertaken by the company in the 30 June 2019 financial year will be included in the 2019-2020 financial statements and after issue of Notice of Assessment by the Australian Taxation Office.

5. NET FINANCE INCOME

	Notes	Consolidated Group	
		2019	2018
		\$'000	\$'000
From continuing operations			
Interest income - cash and short-term deposits		156	132

6. EXPENSES

(Loss) / profit before income tax from continuing operations includes the following specific expenses:

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Cost of revenue and operating expenses		
Cost of revenue	(5,521)	(1,607)
Total operating expenses	(7,149)	(7,765)
Total cost of revenue and operating expenses	(12,670)	(9,372)
<i>Total cost of revenue and operating expenses is comprised of:</i>		
Employee entitlements	(7,321)	(5,736)
Employee entitlements capitalised	1,385	1,488
Platform costs	(669)	(466)
Consultants and contractors - cost of sales	(309)	(83)
Consultants and contractors - sales and marketing	(579)	(759)
Equipment costs	(1,740)	(321)
Rental costs	(579)	(409)
Superannuation costs	(382)	(318)
Directors' fees	(220)	(180)
Auditors remuneration	(59)	(106)
Other operating expenses	(2,197)	(2,483)
Total cost of revenue and operating expenses excl. depreciation and amortisation	(12,670)	(9,372)
Depreciation and amortisation		
Relating to:		
Amortisation of software development costs	(1,124)	(341)
Depreciation of property, plant and equipment	(93)	(42)
Total depreciation and amortisation	(1,217)	(383)
Total cost of revenue and operating expenses	(13,887)	(9,755)

7. INCOME TAX EXPENSE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Income tax benefit/(expense) from continuing operations	(67)	24
Income tax benefit/(expense) from discontinued operations	-	131
Total	(67)	155
The components of Income tax benefit / (expense) comprise:		
Current tax	450	-
Deferred tax	(407)	168
(Under) / over provision of prior year tax	(110)	(13)
Income tax benefit / (expense)	(67)	155
	2019	2018
	\$'000	\$'000
Numerical reconciliation of income tax expense to prima facie tax payable		
Prima facie tax on profit from continuing operations before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit / loss from continuing operations before income tax at 27.5% (2018:27.5%)	(1,618)	(1,437)
Add:		
Tax effect of:		
- non-allowable items (including R&D expenditure)	290	958
- share options expensed during the year	4	44
- (under) / over provision for income tax in prior year	111	41
- Change in tax rate to 27.5%	-	17
- Adjustment to equity raising costs	95	-
- Losses not recognised	1,313	581
Less:		
Tax effect of:		
- R&D income non-assessable	(128)	(359)
Income tax (benefit) / expense	67	(155)

8. DISCONTINUED OPERATIONS

Envirosuite Limited sold its 100% equity interests (the sale) in its subsidiaries, Pacific Environment Holdings Pty Ltd, Pacific Environment Operations Pty Ltd and DLA Environmental Services Pty Ltd (collectively known as the consulting practice") for \$15 million to Environmental Resource Management (ERM). The sale of the consulting practice to ERM occurred on 26 June 2017 (the completion date) in accordance with a Share Sale and Purchase Agreement (SPA).

The purchase price was subject to a net debt and working capital adjustment. The process to agree or determine the amount of the adjustment has been completed. Further, there are various post completion steps and ongoing terms and conditions set out in the SPA and related agreements that must be completed, observed or complied with by Envirosuite Limited after completion including, inter alia:-

- the determination and release of amounts in escrow pending certain conditions / events; and
- transfer of various contracts

There were no income or expenses incurred in the current period relating to the discontinued operation sold during the year ended 30 June 2018.

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Revenue & other income	-	744
Expenses	-	(174)
Profit / (loss) before income tax	-	570
Income tax benefit	-	131
Profit / (loss) after tax attributable to the discontinued operation	-	701
Gain on sale before income tax	-	(115)
Income tax expense	-	-
Gain on sale after income tax	-	(115)
Total Gain / (Loss) after tax attributable to the discontinued operation	-	586
	2019	2018
	\$'000	\$'000

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

Net cash outflow from operating activities	-	-
Net cash inflow / (outflow) from investing activities	-	(105)
Net cash inflow / (outflow) from financing activities	-	-
Net cash increase / (decrease) incurred by the discontinued operation	-	(105)

9. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Cash at bank and in hand	7,564	3,648

Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

10. TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2019 \$'000	2018 \$'000
Trade receivables		1,320	966
Provision for impairment of receivables		(56)	(41)
		<u>1,264</u>	<u>925</u>
Held in Escrow – Sale of consultancy practice		172	190
Other receivables		65	271
		<u>1,501</u>	<u>1,386</u>

Impaired Trade Receivables

	Gross Amount \$'000	Past Due and Impaired \$'000	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$'000
			< 30 \$'000	31 – 60 \$'000	61 – 90 \$'000	> 90 \$'000	
2019							
Trade & term receivables	1,320	(56)	513	46	5	254	502
Other receivables	237	-	-	-	-	-	237
Total	1,557	(56)	513	46	5	254	739
2018							
Trade & term receivables	966	(41)	289	136	3	340	198
Other receivables	461	-	-	-	-	-	461
Total	1,427	(41)	289	136	3	340	659

Other receivables

These amounts are for rental bonds on leased properties, security deposits on hired equipment and working capital receivables.

Loans to related parties

No loans are outstanding to related parties.

Fair value and credit risk

Due to the short term nature of these receivables, the carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or re-pledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

Financial assets classified as loans and receivables

	Note	Consolidated Group	
		2019 \$'000	2018 \$'000
Trade and other receivables - current		<u>1,501</u>	<u>1,386</u>
Total financial assets classified as loans and receivables		1,501	1,386

11. OTHER ASSETS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Prepayments	172	166

12. INVENTORIES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
At net realisable value		
Work in progress	204	95
Finished goods	124	14
Total inventories	328	109

13. PROPERTY, PLANT AND EQUIPMENT

Consolidated Group	Note	Motor Vehicles	Furniture fittings and equipment	Leased Assets	Total
		\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2018					
Opening net book amount		-	14	-	14
Additions		-	117	203	320
Disposals		-	(2)	-	(2)
Depreciation charge		-	(17)	(25)	(42)
Closing net book amount		-	112	178	290
At 30 June 2018					
Cost or fair value		-	129	203	332
Accumulated depreciation		-	(17)	(25)	(42)
Net book amount		-	112	178	290
Year ended 30 June 2019					
Opening net book amount		-	112	178	290
Exchange differences		-	(6)	-	(6)
Additions		-	108	17	125
Disposals		-	(22)	-	(22)
Depreciation charge		-	(64)	(46)	(110)
Closing net book amount		-	128	149	277
At 30 June 2019					
Cost or fair value		-	192	195	387
Accumulated depreciation		-	(64)	(46)	(110)
Net book amount		-	128	149	277

Total impairment losses recognised in the statement of comprehensive income was nil (2018:nil).

Included in disposals for the year ended 30 June 2019 is nil (2018: nil) of accumulated impairment losses.

Non-current assets pledged as security

The Group has no non-current assets pledged as security.

14. INTANGIBLE ASSETS

Consolidated Group	Note	Goodwill \$'000	Intellectual Property \$'000	Software \$'000	Total \$'000
Year ended 30 June 2018					
Opening net book amount - 1 July 2018		-	-	3,782	3,782
Additions via business combination	28	161	16	-	177
Additions - capitalised		-	-	1,488	1,488
Disposals		-	-	-	-
Amortisation charge		-	-	(341)	(341)
Closing net book amount - 30 June 2018		161	16	4,930	5,107
At 30 June 2018					
Cost or fair value		161	16	5,510	5,687
Accumulated amortisation		-	-	(580)	(580)
Net book amount		161	16	4,930	5,107
Year ended 30 June 2019					
Opening net book amount - 1 July 2018		161	16	4,930	5,107
Additions via business combination	28	179	-	-	179
Additions - capitalised		-	-	1,386	1,386
Disposals		-	-	-	-
Amortisation charge		-	-	(1,117)	(1,117)
Closing net book amount - 30 June 2019		340	16	5,199	5,555
At 30 June 2019					
Cost or fair value		340	16	6,896	7,252
Accumulated amortisation		-	-	(1,697)	(1,697)
Net book amount		340	16	5,199	5,555

Impairment tests for goodwill

Goodwill was acquired as part of the Odotech acquisition. Refer to note 28.

	2019 \$'000	2018 \$'000
Goodwill	340	161
Impairment	-	-
	340	161

14. INTANGIBLE ASSETS (continued)

Impairment tests for software

The recoverable amount of software is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates with a terminal value applied. Cash flows exclude future software development costs as it is expected these will be funded from other sources including R&D tax incentive refunds.

Key assumptions used for value-in-use calculations

The Group applied a valuation method consistent with that applied by the external valuer engaged by Envirosuite Ltd at the 2018 year end to assess the carrying value of the software intangible assets for impairment. The valuation concluded a fair value market value of \$5,650,000 as at 30 June 2019. (2018: \$5,000,000). This exceeds the current carrying value of \$5,199,000.

In arriving at this valuation conclusion, the Group considered a number of commonly used methods: income, cash flow and balance sheet-based valuation methodologies. Consistent with prior year, it was considered that the Relief from-Royalty (value-in-use) method, was the most appropriate approach to adopt for the valuation.

- The Relief-from-Royalty method - This method is based on the theory that the intangible asset owner would be willing to pay a reasonable royalty to use the intangible asset assuming that they did not already own the asset.

The value in use model used a 5 year discounted cash flow with terminal value and included the following significant observable inputs; weighted average cost of capital 14.3%, royalty rate 7% and earnings growth rate of 5%.

Concluded Value of Intangible Assets - Software

Valuation Method	Weighted Concluded Value (\$)
Value-in-use / Royalty Rate	5,650,000

Impairment charge

During the year ended 30 June 2019 and the year ended 30 June 2018 no impairment charges were made against cash generating units.

15. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Trade payables	527	275
Other payables	674	627
	1,201	902

Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 2.

16. BORROWINGS

Current	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current		
Lease liabilities - secured	42	42
Premium Funding - Insurance	-	32
Total current borrowings	42	74
Non-current		
Lease liabilities - secured	98	140
Other payables	9	14
Total non-current borrowings	107	154
Total borrowings - current and non-current	149	228

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

17. PROVISIONS

Current	2019	2018
	\$'000	\$'000
Employee Benefits		
Opening balance at 1 July	508	237
Additional provisions	348	517
Amounts used	(231)	(183)
Unused amounts reversed	-	(64)
Balance at 30 June 2019 - Current	625	508
Non-current	2019	2018
	\$'000	\$'000
Employee Benefits		
Opening balance at 1 July	45	31
Additional provisions	18	17
Amounts used	-	-
Unused amounts reversed	-	(3)
Balance at 30 June 2019 - Non-current	63	45

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed ten years of service. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2019	2018
	\$'000	\$'000
Long service leave obligations expected to be settled after 12 months	63	45

18. REVENUE IN ADVANCE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Revenue in advance	1,483	851

Refer to note 1c for accounting policy for revenue in advance.

19. TAX

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets						
Provisions	146	154	-	18	(4)	314
Transaction costs on equity issue	79	-	-	-	-	79
Other	21	-	-	-	-	21
Balance at 30 June 2018	246	154	-	18	(4)	414
Provisions	314	(22)	-	-	33	325
Transaction costs on equity issues	79	-	95	-	(22)	152
Other	21	(45)	-	-	-	(24)
Balance at 30 June 2019	414	(67)	95	-	11	453

The amount of unused tax losses for which no deferred tax assets have been brought to account:

Tax losses: operating losses \$4,547,514 (2018: \$4,501,393)

Tax losses: capital losses \$Nil (2018: \$Nil)

The benefits of the above unused tax losses will only be realised if the conditions for deductibility set out in Note 1(e) occur. These amounts have no expiry date.

20. ISSUED CAPITAL**Movements in ordinary shares**

Date	Details	Number of shares	Issue price	\$'000
30-Jun-18	Balance	230,933,875		26,282
24-Aug-18	Shares issued to employee - exercised options	5,000,000	0.03	150
	Less: transaction costs of capital raising (inc. tax effect)			(1)
31-Aug-18	Institutional placement	34,640,080	0.075	2,598
	Less: transaction costs of capital raising (inc. tax effect)			(145)
4-Oct-18	Institutional placement	98,693,254	0.075	7,402
	Less: transaction costs of capital raising (inc. tax effect)			(396)
5-Nov-18	Shares issued to employee - Performance rights	335,571	0.081	27
	Less: transaction costs of capital raising (inc. tax effect)			(2)
31-Dec-18	Add Back: transaction costs of capital raising - Tax effect			121
13-Mar-19	Shares issued to employee - exercised options	220,000	0.09	20
	Less: transaction costs (inc. tax effect)			(2)
22-Mar-19	Shares issued to employee - exercised options	380,000	0.09	34
	Less: transaction costs (inc. tax effect)			(2)
30-Jun-19	Less: transaction costs of capital raising - Tax effect			(26)
30-Jun-19	Balance	370,202,780		36,060

20. ISSUED CAPITAL (Continued)

Options

Options issued to employees for the year ended 30 June 2019 totalled 2,750,000 (30 June 2018: Nil).

- 2,000,000 options at \$0.10 expiring in May 2022.
- 750,000 options at \$0.16 expiring in October 2022.

There were no options issued to directors during the year ended 30 June 2019 (2018: Nil). Information relating to the options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 32.

Share based payments

Certain shares were issued for no cash consideration for the provision of services, details of which are shown in note 32.

Other equity securities

The amount shown for other equity securities is the value of the conversion rights relating to historic convertible instruments.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net cash held divided by total capital. Net cash held is calculated as total cash held less borrowings (including 'borrowings' as shown in the statement of financial position). Total capital is calculated as 'total equity' as shown in the statement of financial position (including minority interest) plus or minus net cash held.

The gearing ratios at 30 June 2019 and 30 June 2018 were as follows:

	Note	Consolidated Group 2019 \$'000	2018 \$'000
Cash and cash equivalents	9	7,564	3,648
Less: borrowings	16	(149)	(228)
Net cash held		7,415	3,420
Total equity		12,329	8,586
Total capital		4,914	5,166
Gearing Ratio		151%	66%

21. RESERVES AND RETAINED LOSSES

	Consolidated Group	
	2019	2018
	\$'000	'000
Reserves		
Foreign exchange translation reserve	(182)	(61)
Movements		
Balance 1 July	(61)	-
Effects of foreign exchange translation	(121)	(61)
Foreign exchange translation reserve - balance 30 June	(182)	(61)
Share-based payments reserve	314	313
Movements		
Balance 1 July	313	700
Reallocation of prior year option payouts	-	(38)
Option expense	27	-
Transfer to retained losses	(25)	(349)
Share-based payments reserve - balance 30 June	314	313
Total of reserves	132	252
	2019	2018
	\$'000	\$'000
Retained losses		
Movements		
Opening retained losses	(17,947)	(13,129)
Transfer from employee shares reserve	80	349
Net profit / (loss) for the year	(5,996)	(5,168)
Balance 30 June	(23,863)	(17,948)

Nature and purpose of reserves**Foreign currency translation reserve**

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share based payments reserve

The share based payments reserve is used to recognise the grant date fair value of options issued to employees and directors but not exercised.

22. DIVIDENDS

The Group has not paid or declared any dividends during the period (2018: nil). Franking credits available for subsequent financial years based on a tax rate of 27.5% amount to Nil (2018: nil).

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

	2019	2018
	\$'000	\$'000
The totals of remuneration paid to KMP of the company and the Group during the year are as follows:		
Short-term employee benefits	1,002	893
Post-employment benefits	46	42
Other long term benefits	-	-
Share-based payments	76	-
Total KMP compensation	1,124	935

24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

PKF Brisbane Audit	Consolidated Group	
	2019	2018
	\$	\$
Audit and other assurance services		
Audit and review of financial reports		
- current year	61	71
- prior year	-	35
Other assurance services	-	-
Other services		
Other services provided by PKF network firm (PKF Attest Legal y Fiscal, S.L)	22	14
Total remuneration	83	120

25. CONTINGENCIES

Contingent liabilities

The Group had contingent liabilities at 30 June 2019 in respect of:

Guarantees

The Group has potential exposure to guarantees it has issued to third parties in relation to the performance and obligation of controlled entities with respect to property lease rentals and customer contractual obligations amounting to \$276,609 (30 June 2018: \$103,982).

No liability has been recognised by the Group in relation to these financial guarantees as the guarantees are in the event of default on the property leases' terms and conditions or non performance of customer contractual obligations.

Escrows

Pursuant to Envirosuite Limited's sale of its 100% equity interest in its subsidiaries, Pacific Environment Holdings Pty Ltd, Pacific Environment Operations Pty Ltd and DLA Environmental Services Pty Ltd (collectively known as "the consulting practice") on 26 June 2017, a portion of the proceeds from sale were held in escrow pending finalisation of net debt and working capital adjustments.

As at reporting date, an amount remains held in escrow pending transfer of one contract.

The Directors are confident there are no known claims to or against Envirosuite Limited currently which could give rise to a contingent liability and are confident the final settlement adjustment will not be significantly material to the financial statements. However, whether there are outstanding sale matters that could affect, the Group's operations or the results of those operations in future financial years or the Group's state of affairs in future financial years, is uncertain.

Litigation

There are no litigation proceedings in process at the reporting date.

26. COMMITMENTS

Lease commitments:

Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within two to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	118	296
Later than one year but not later than five years	219	336
	337	633

27. RELATED PARTY TRANSACTIONS

Parent entities

The parent entity within the Group is Envirosuite Limited

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Transactions with other related parties

The following transactions occurred with other related parties:

			Consolidated Group	
			2019	2018
			\$'000	\$'000
Related Business	Related Party	Service Provided		
Soliton Creative	Alex Ormerod	Creative design services	107	166

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

28. BUSINESS COMBINATIONS

On 19 December 2017, the group acquired the assets of Odotech Inc and 100% of the issued capital of Odotech spA, an environmental technology company.

On 5 December 2017 the Group incorporated Odotech Canada which holds the assets acquired. The business and company offer a full line of technological services and solutions for proactive management of environmental problems encountered by industries and municipal services.

The acquisition is part of the Group's overall strategy to expand globally its environmental software operations in the technology industry.

Through acquiring 100% of the issued capital of Odotech spA (Chile), the group has obtained control of the company.

The incorporation and acquisition of the Odotech Inc business (Chile and Canada) involved the purchase of the Odotech technology and client base.

The group has finalised the acquisition accounting for the transaction. Goodwill was adjusted from \$161,000 to \$341,000 in the period ending 31 December 2018 as a result of measurement period adjustments.

Odotech Inc and Odotech spA (Chile)	Finalised 30 June 2019 Fair Value \$'000	Reported 30 June 2018 Fair Value \$'000
Purchase consideration:		
Cash	442	442
Less: cash retained in Odotech spA (Chile)	(12)	(12)
	<u>430</u>	<u>430</u>
Less:		
Accounts receivable	256	435
Work in progress	186	186
Prepayments	14	14
Taxes	39	39
Inventory	57	57
Property, plant and equipment	63	63
Intellectual property	16	16
Deposits	6	6
Payables	(60)	(60)
Employee benefits	(32)	(32)
Accrued liabilities	(15)	(15)
Deferred revenues	(440)	(440)
	<u>90</u>	<u>269</u>
Identifiable assets acquired and liabilities assumed	<u>90</u>	<u>269</u>
Goodwill	<u>340</u>	<u>161</u>
Purchase consideration settled in cash	430	430
Cash outflow on acquisition	<u>(430)</u>	<u>(430)</u>

29. INTEREST IN SUBSIDIARIES

Information about Controlled Entities

Controlled Entities Consolidated	Country of incorporation	30 June 2019	30 June 2018
		Percentage Owned	
		%	%
Parent Entity			
Envirosuite Limited	Australia	100	100
Subsidiaries of Envirosuite Limited			
Envirosuite Operations Pty Ltd	Australia	100	100
Envirosuite Holdings Pty Ltd	Australia	100	100
Envirosuite Corp	United States of America	100	100
Envirosuite Europe Sociedad Limitada	Spain	100	100
Envirosuite Canada Inc.*	Canada	100	100
Envirosuite Chile SpA**	Chile	100	100
Envirosuite Colombia S.A.S***	Colombia	100	-

*Previously known as 9370-3007 Quebec Inc.

**Previously known as Odotech spA, also known as Odotech Chile

***Envirosuite Colombia S.A.S is wholly owned by Envirosuite Chile SpA

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

30. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit / (loss) after tax to net cash flows from operations

	Consolidated Group	
	2019	2018
	\$'000	\$'000
(Loss) / profit for the year	(5,996)	(5,168)
Depreciation and amortisation	1,217	383
Non cash employee benefits expense – share based payments	54	159
Accrued interest - receivable	(23)	(3)
Net loss on sale of non-current assets	1	2
Sale of business	-	130
Net effect of exchange rate changes	(101)	(12)
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other debtors	(345)	(479)
(Increase) / decrease in inventories & work in progress	(219)	134
(Increase) / decrease in other asset	(6)	(6)
(Increase) / decrease in deferred tax asset	100	(199)
Increase / (decrease) in trade creditors	904	(1,384)
Increase / (decrease) in other operating liabilities	(38)	187
Increase / (decrease) in provision for income taxes payable	2	10
Increase / (decrease) in other provisions	136	284
Net cash inflow from operating activities	(4,315)	(5,961)

30. CASH FLOW STATEMENT RECONCILIATION (Continued)**Net debt reconciliation**

	Consolidated Group	
	2019	2018
Net debt	\$'000	\$'000
Cash and cash equivalents	7,564	3,648
Borrowings - repayable within one year (incl overdraft)	(42)	(74)
Borrowings - repayable after one year	(107)	(154)
Net debt	7,415	3,420
Cash and cash equivalents	7,564	3,648
Gross debt - fixed interest rate	(149)	(228)
Gross debt - variable interest rate	-	-
Net debt	7,415	3,420

	Cash / bank overdraft	Liabilities from financing activities		Total
	\$'000	Borrowing due within 1 year	Borrowing due after 1 year	\$'000
	\$'000	\$'000	\$'000	\$'000
Net debt as at 30 June 2018	3,648	(74)	(154)	3,420
Cash flows	3,883	32	47	3,962
Foreign exchange adjustments	33	-	-	33
Other non-cash movements	-	-	-	-
Net debt as at 30 June 2019	7,564	(42)	(107)	7,415

Non-cash financing and investing activities**Share issues**

Refer Note 20 for details of shares issued during the year.

Finance leases

During the year the Group did not acquire any plant and equipment by means of finance leases (2018:Nil).

Credit standing arrangements with banks

	2019	2018
	\$'000	\$'000
Credit facility	284	273
Amount used	(166)	(170)
Undrawn facility	118	103

31. EARNINGS / (LOSSES) PER SHARE

Basic earnings / (losses) per share	Consolidated Group	
	2019	2018
	cents	cents
Basic earnings / (losses) per share attributable to the ordinary equity holders of the Company		
From continuing operations	(1.62)	(2.49)
From discontinued operations	-	0.25

Diluted earnings / (losses) per share

Diluted earnings / (losses) per share attributable to the ordinary equity holders of the Company		
From continuing operations	(1.68)	(2.46)
From discontinued operations	-	0.25

Reconciliation of earnings used in calculating earnings / (losses) per share

	2019	2018
	\$'000	\$'000
Profits / (losses) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (losses) per share		
From continuing operations	(5,996)	(5,754)
From discontinued operations	-	586

Weighted average number of shares used as the denominator

	2019	2018
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings / (losses) per share	370,202,780	230,933,875
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings / (losses) per share	356,007,208	233,996,138

Information concerning the classification of securities**Options**

Options granted to employees under the Envirosuite Limited Employee Share Option Plan are not considered to be potential ordinary shares, as including such securities in the calculation would result in a decreased earnings per share. The options have not been included in the determination of basic earnings per share.

32. SHARE BASED PAYMENTS

Employee share option plan

The establishment of the Employee Share Option Plan was approved by the Board prior to the IPO of Envirosuite Ltd (formerly: Pacific Environment Limited). The plan is designed to provide long term incentives for employees and executive directors to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on the individual contracts agreed by Envirosuite Limited. Once vested, the options remain exercisable for a period of up to seven years after the grant date. When exercisable, each option is convertible into one ordinary share on the day of the next Board meeting or within 15 business days, whichever is earlier. The exercise price of options is pre-determined in the individual option agreements.

Executive share option scheme

Options were issued to employees under the Envirosuite Limited Executive Share Option Scheme. Under this scheme, options granted vest as specified under the individual option. The options are not forfeitable but lapse on the date specified in the individual option agreement. If an employee ceases employment the options vest immediately and the employee has seven days to exercise the option at the current market price or the original exercise price, whichever is greater. If the employee does not exercise the options, the options lapse.

Set out on the following pages are summaries of options granted.

Employee share plan

Under the Envirosuite Limited Employee Share Plan, Shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognized as an employee benefits expense with a corresponding increase in equity.

	Number	Weighted average exercise price
Options outstanding as at 30 June 2018	27,183,333	0.11
Granted	2,750,000	0.10
Forfeited	-	-
Exercised	(5,600,000)	0.04
Expired	(9,000,000)	0.15
Options outstanding as at 30 June 2019	15,333,333	0.11
Options exercisable as at 30 June 2019	14,333,333	0.11
Options exercisable as at 30 June 2018	26,733,333	0.11

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.07 years (2018: 1.45 years).

Fair value of options granted

The assessed fair value at grant date of options granted is allocated equally over the period from the grant date to the vesting date. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

During financial year 2019, no options were issued to directors and 2,750,000 options were issued to employees. (2018: Nil)

Shares issued to employees - value of services

There were 335,571 shares issued in the year ending 30 June 2019. (2018: Nil)

32. SHARE BASED PAYMENTS (Continued)**Expenses arising from share based payment transactions**

	Consolidated Group	
	2019	2018
Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:	\$'000	\$'000
Options settled under employee share option plan	27	159
Shares issued to employees – value of services	27	-
Shares to be issued to employees – value of services	-	-
Total share based payment expense	54	159

33. PARENT ENTITY FINANCIAL INFORMATION

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

Statement of financial position	2019	2018
	\$'000	\$'000
Assets		
Current assets	183	226
Non-current assets	24,349	14,679
Total assets	24,532	14,905
Liabilities		
Current liabilities	134	134
Non-current liabilities	-	-
Total liabilities	134	134
Equity		
Issued capital	36,060	26,282
Reserves	315	313
Retained losses	(11,977)	(11,824)
Total equity	24,399	14,770
Statement of profit or loss and other comprehensive income		
	2019	2018
	\$'000	\$'000
(Loss) / profit for the year	(231)	328
Total comprehensive (loss) / profit for the year	(231)	328

33. PARENT ENTITY FINANCIAL INFORMATION (Continued)

Guarantees entered into by the parent entity

The parent entity has potential exposure to guarantee it has issued to third parties in relation to its performance and obligations with respect to property lease rentals and customer contractual obligations amounting to \$276,609. (2018: \$103,982)

Contingent liabilities of the parent entity

The parent entity did not have any other contingent liabilities as at 30 June 2019 (2018:nil)

Contractual commitments

The parent entity did not have any other contractual commitments as at 30 June 2019 (2018:nil)

34. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year that significantly affected, or could significantly affect, the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Envirosuite Limited, the directors of the Company declare that:

- (a) The financial statements and notes set out on pages 34 to 76 are in accordance with the *Corporations Act 2001*, and:
- i. comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Consolidated Group; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The directors have been given the declarations by the chief executive office and chief financial officer required by section 295A of the Corporations Act 2001



David Johnstone, Chairman

23 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENVIROSUITE LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Envirosuite Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

1. Carrying amount of intangible assets - software

Why significant

As at 30 June 2019 the carrying value of intangibles - software was \$5,199,000 (2018: \$4,930,000), as disclosed in Note 14.

The consolidated entity's accounting policy in respect of intangible assets - software is outlined in Note 1.

The carrying amount of intangible assets - software is a key audit matter due to:

- the significance of the balance (being 33% of total assets); and
- the level of judgement applied in evaluating management's assessment of impairment.

As outlined in Notes 1 and 14, management assessed the carrying amount of intangible assets - software through impairment testing utilising a value in use model in which significant judgements are applied in determining key assumptions. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of intangible assets - software, and accordingly the amount of any impairment charge, to be recorded in the current financial year.

How our audit addressed the key audit matter

In assessing this key audit matter, we involved senior audit team members who understand the industry.

Our audit procedures included, amongst others:

- evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements;
- conducting sensitivity analysis on key assumptions such as weighted average cost of capital (WACC) and growth rates, within reasonable foreseeable ranges;
- challenging the key assumptions used in the value in use model by:
 - assessing growth rates used in comparison to historical results
 - evaluating the WACC rate used in comparison to market and industry information available
 - assessing yearly revenue forecasts in comparison to historical results and approved budgets
- assessing the appropriateness of the related disclosures in Note 14.

2. Disclosure of the group's funding and liquidity position

Why significant

The financial report of Envirosuite Limited discloses the group's funding and liquidity position, which is an event or condition that may cast doubt on the entity's ability to continue as a going concern.

As disclosed in Note 1, the event or condition was noted as being negative operating cash flows and recurring operating losses. Also disclosed are the reasons why the Directors do not believe that this event or condition leads to the conclusion that a material uncertainty exists.

Disclosure of the funding and liquidity position of the group is a key audit matter due to:

- the significant audit effort and judgement required to test the appropriateness of the going concern basis and evidence supporting this assumption.

How our audit addressed the key audit matter

In assessing this key audit matter our work included, but was not limited to, the following procedures:

- discussion with those charged with governance on their assessment of going concern and probability of the success of any future potential capital investment;
- reviewing the cash flow forecasts provided by management and challenging the assumptions therein in to ensure consistency with management's stated business and operational objectives, and checking the calculation to ensure the accuracy of the underlying financial data;
- assessing the probability of receipt of sufficient cash resources in order to fund working capital for at least the relevant period of assessment.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Envirosuite Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.



PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

23 AUGUST 2019
BRISBANE, AUSTRALIA

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 20 August 2019

1. SHAREHOLDING

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity	
	Ordinary shares	Options
	Shares	
1 – 1,000	36	-
1,001 – 5,000	188	-
5,001 – 10,000	238	-
10,001 – 100,000	823	-
100,001 and over	501	11
	1,786	11

The number of shareholdings held in less than marketable parcels 155,328

Substantial holders

Substantial holders in the Company are set out below:

Ordinary Shares	Number held	Percentage
Robin Ormerod & Kristin Zeise	26,437,208	7.14%
Robin Ormerod	19,609,342	5.30%

Voting Rights

The voting rights attaching to each class of equity securities are set out below

Ordinary shares

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options carry the standard voting rights available to ordinary shareholders when converted to ordinary shares.

1. SHAREHOLDING (continued)

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued
Robin Ormerod & Kristin Zeise	26,437,208	7.14%
Robin Ormerod	19,609,342	5.30%
Bungeeltap Pty Ltd	8,550,620	2.31%
Thirty-Fifth Celebration Pty Ltd	7,910,000	2.14%
Fordholm Consultants Pty Ltd	7,500,000	2.03%
J P Morgan Nominees Australia Pty Ltd	6,854,419	1.85%
Jasforce Pty Ltd	5,670,000	1.53%
National Nominees Pty Ltd	5,551,417	1.50%
Robinson House Pty Ltd	5,295,400	1.43%
Peter White	5,000,000	1.35%
Honne Investments Pty Ltd	5,000,000	1.35%
Indcorp Consulting Group Pty Ltd	5,000,000	1.35%
Rubi Holdings Pty Ltd	4,460,000	1.20%
HSBC Custody Nominees Pty Ltd	4,050,311	1.09%
Charlotte B Pty Ltd	4,000,000	1.08%
Radell Pty Ltd	3,000,000	0.81%
Coterie Nominees Pty Ltd	3,000,000	0.81%
Buduva Pty Ltd	3,000,000	0.81%
Graeme James Cureton	2,700,000	0.73%
Wilbow Group Equities Pty Ltd	2,666,667	0.72%
	135,255,384	36.54%

Unquoted equity securities

	Number held
Envirosuite Limited unlisted options	15,333,333

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Corporate Directory

Envirosuite Limited

ABN: 42 122 919 948

Board of Directors

Peter White

Chief Executive Officer

David Johnstone

Chairman

Hugh Robertson

Director

Adam Gallagher

Director

Company Secretary

Adam Gallagher

Registered office and principal place of business

Level 19, 240 Queen Street,
Brisbane, Queensland 4000

Phone: 07 3004 6400

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street,
Sydney, New South Wales 2000

Phone: 02 9290 9600

Auditor

PKF Brisbane Audit
Level 6, 10 Eagle Street,
Brisbane, Queensland 4000

Phone: 07 3839 9733

Stock Exchange Listing

Envirosuite Limited shares are listed on the
Australian Securities Exchange (Code EVS)

Website Address

www.envirosuite.com