



**ENERGY ONE LIMITED**

ABN 37 076 583 018

**APPENDIX 4E  
for the year ended 30 June 2017**

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## Reporting Period

Previous Reporting Period

for the year ended 30 June 2017

for the year ended 30 June 2016

Results for announcement to the market	2017	2016	Change
	\$	\$	%
Revenue and other income	6,116,698	5,167,119	18%
Underlying EBITDA *	1,414,847	1,176,607	20%
Underlying profit before tax *	967,023	923,558	5%
Profit before income tax	749,967	923,558	-19%
Profit from ordinary activities after tax attributable to members	307,326	464,083	-34%
Profit attributable to members	307,326	464,083	-34%
Net tangible asset backing per ordinary share shown in cents **	9.83	24.20	-59%
* Before one off acquisition and related costs of \$217k			
** NTA includes software development used to generate income and excludes deferred tax assets			

## Dividends

Dividend (declared, not provided at 30 June 2017)

Amount per ordinary share	Franked Amount per ordinary share
1.00 Cents	0.00 Cents

The record date for the dividend will be 29 September 2017. The payment date for the dividend will be 27 October 2017.

Dividend paid during the year

1.00 Cents	0.00 Cents
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The record date for the dividend was 2 September 2016. The payment date for the dividend was 30 September 2016.

There was no other dividend paid or declared for the year ended 30 June 2017.

*Dividend Reinvestment Plan*

Energy One Limited (EOL) is pleased to announce the introduction of a Dividend Reinvestment Plan (DRP) allowing eligible shareholders to reinvest their dividends into EOL shares. The terms and conditions of the DRP will be distributed to all eligible shareholders.

The DRP provides eligible shareholders with the opportunity to elect to take all or part of their dividends in the form of new shares issued in accordance with the DRP plan rules. Shares are provided under the plan free of brokerage and other transaction costs and will rank equally with all other ordinary shares on issue.

The DRP will apply to dividends declared including the 2017 final dividend declared above. DRP Applications or notices received after 5.00pm (Sydney time) on 29 September 2017 will not be effective for payment of this final dividend but will be effective for any future dividend payments.

The DRP price for the final dividend will be equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold through a normal trade on the ASX automated trading system during the DRP price determination period for this dividend, being 23 August to 29 August 2017 (inclusive). If there are no share trades in the period the DRP price will be the last traded price. The Board's reserves the right to set the DRP price at its sole discretion.

## Energy One Limited

37 076 583 018

## Appendix 4E (continued) Preliminary Final Financial Report

### Reporting Period

Previous Reporting Period

for the year ended 30 June 2017

for the year ended 30 June 2016

### Commentary

Please refer to the attached Chief Executive Officer's Report and consolidated financial statements for the year ended 30 June 2017.

### Other information

#### *Control gained over entities having a material effect*

pyplIT business acquired effective 25 August 2016 refer note 22 of the consolidated financial statements.

Creative Analytics Pty Limited acquired 31 May 2017 refer note 22 of the consolidated financial statements.

#### *Loss of control over entities having a material effect*

N/A

#### *Dividend or distribution reinvestment plans*

N/A

#### *Details of associates and joint venture entities*

Please refer to the 30 June 2017 Financial Statements for details.

#### *Audit Status*

This report is based on accounts that have been audited.

#### *Attachments*

Further disclosure requirements can be found in the notes to the attached 30 June 2017 Financial Statements.

### Shaun Ankers - Chief Executive Officer

22 August 2017

## Chief Executive Officer's Report

I am pleased to report that FY17 was another profitable year for Energy One, with Revenue up 18% on the prior year; underlying EBITDA (excluding one-off acquisition costs) up 20% and underlying net profit before tax up 5% over the prior year.

The Company made two acquisitions during FY17, pypIT in August 2016 and Creative Analytics in May 2017. As a result of one-off acquisition costs of \$0.22M, NPAT for FY17 is \$0.31M vs. \$0.46M for FY16.

The acquisitions are performing well and the FY17 figures include 10 months of contribution from the pypIT business and 1 month of Creative Analytics' contribution.

The pypIT business has exceeded expectations and our customers are pleased with the energy-market focus we bring to the relationship. More recently the Creative Analytics acquisition is also off to a promising start. We have retained the customers and some are also now looking at other products and solutions we offer. The early success of these acquisitions is an endorsement of our strategy to pursue synergistic business combinations.

The pypIT acquisition (\$1.50M) was financed entirely with cash reserves. The Creative Analytics acquisition (\$3M) was funded by a combination of cash (\$0.95M), bank debt (\$1.75M) and equity (\$0.30M). The quantum of bank debt represents less than 1 x forecast FY18 EBITDA. With the debt being repayable over five years, and capital raising being supported by shareholders, we retain substantial financial flexibility to pursue further suitable acquisitions if and when they are identified.

The pypIT business has now been fully integrated from an organisational perspective and new products and services are being developed. For example, during the year, we introduced a new service for gas shippers called *GasFlow*. This is a novel solution and is being marketed as an affordable service for managing industrial gas shipments. The solution makes use of both pypIT and EnergyFlow software, utilising Energy Flow's powerful integration and interpretation capability to blend the platform capabilities.

The pypIT business continues to serve gas pipeliners and their customers in the evolving wholesale gas market, performing vital business transactions enabling users to effectively and efficiently transport gas. With the introduction of a capacity-trading market in the coming year, our Company is well placed to assist customers with the transition to new marketplace rules.

The recent acquisition of the Creative Analytics business is beneficial on a number of levels. The acquisition adds some established and well-regarded products to our portfolio, it increases our customer base (now over 70 customers) and adds additional recurring revenue. As a result, the Company is less exposed to the variable nature of project revenue. Recurring revenue arises from items such as license fees, support and maintenance, hosting and SaaS revenues. In FY17 recurring revenues accounted for \$2.90M or 55% of operating revenue. This figure will increase during FY18 as a result of the acquisition of Creative Analytics.

### Business Outlook

Energy One offers specialist software and services to the highly complex energy trading market. We offer a range of product solutions within a wholesale 'suite' of products to meet the wide and varied needs of traders, generators, retailers and users of bulk energy.

As the premier supplier of Energy Trading and Risk Management (ETRM) systems in Australia we are confident that our ongoing sales and marketing effort will result in new sales in FY18. In the year ahead, we plan to invest further resources to take advantage of the opportunities we have created both here and overseas. This means adapting some products for overseas markets, and also opportunities to integrate modules to provide new, innovative solutions for domestic customers. This investment will see the hiring of an additional 3-5 employees. Having said that, we continue to manage our cost base prudently ensuring any additional expenditure is in context of the potential opportunity.

## Chief Executive Officer's Report (continued)

In the year ahead, Energy One will continue to market its products and services to domestic energy companies focusing on opportunities to provide existing customers with new and innovative solutions. Being able to deal with a single software vendor for trading, analytics and operations provides our customers with substantial productivity gains.

To this end, we anticipate several new projects with existing customers during FY18 and are engaged in early discussions with potential new customers. Energy One's customer base (70+ customers and 1200+ users) enables us to provide synergies arising from the seamless integration of products in what are mission-critical platforms, as well as providing customers with the benefit of a single point of contact for any product support.

The energy market is changing rapidly brought about by the growth in new generation technology (particularly battery storage and demand-side management) and the response to recent high energy prices. Our ability to adapt existing software will facilitate the accelerated market penetration of these new technologies.

Of particular note going forward, are the changes in the bulk gas market, with the upcoming move to a capacity trading mechanism in 2018. This mechanism will allow gas customers to trade un-allocated gas capacity with the objective of bringing greater efficiencies to the gas market. Energy One's products are well placed to enable both pipeliners and gas customers to meet the new requirements and market rules, which will be an area of focus for pypIT in the year ahead.

Steady and continued migration towards hosted and as-a-service type offerings continues, albeit slower at the large end of the market, where structural change is more complex. Our product range is ideally suited for being managed as-a-service with the software performing complex trading operations in many instances. A specialist vendor (such as Energy One) with a detailed understanding of the clients' requirements and operating environment is better equipped to provide such services when compared with generic IT service providers.

In this regard, Energy One offers both a full-service private cloud managed service for large clients and pure SaaS offerings for smaller clients. NemSight is a good example of this, with customers using the powerful analytics software without having to conduct a large installation or data migration project.

Energyflow is gaining traction in local markets, as customers see value in the opportunity to automate complex and time-consuming spreadsheets. In the year ahead, we will be undertaking two new, medium-sized projects for major energy companies to automate various aspects of their trading operations.

In addition, we expect to complete at least one major project sale for our ETRM product suite, as well as winning new customers and upgrades for the NemSight analytics package.

### International business

Our Company is largely based around customers in Australia and New Zealand (we have two NZ customers). Our specialist products and services form a dominant offering here in Australia. However, based on market research undertaken in the last year, the Company anticipates a successful sale of one or more of our products in either the UK or European markets. We have been actively seeking to work with established partners in those markets as a cost-effective means of gaining traction off-shore. We have appointed a UK partner and talks are underway with potential partners in other jurisdictions.

The market response to EnergyFlow (our initial product offering for the EU) has been very encouraging and the Company believes modest sales could occur during FY18. Our initial investment (\$136k in FY17) will be stepped up in the year ahead, based upon tangible progress and an expectation of returns. The Company intends initially to market EnergyFlow (and other products) via the use of partner networks, rather than establishing its own on the ground infrastructure. This provides us with a cost-effective method to establishing sales in off-shore markets.

## **Chief Executive Officer's Report (continued)**

### **Looking forward to the year ahead**

The Energy One group is Australia's leading supplier of energy trading software. With a broad customer base, established brands and sound financials, the Company is keen to build upon its local achievements through potential expansion into other markets.

With two recent acquisitions undertaken, the Company feels it appropriate to provide shareholders with a one-off guidance note, indicating the new shape of the business.

Accordingly, with full year contributions from pypIT and Creative Analytics, allowing for some new investment in order to capitalise on our opportunities, and being cognisant of some natural fluctuations around project timings - the Company anticipates FY2018 revenues will grow to around \$9.0M, and EBITDA will likely increase to an amount in the order of \$2.5M.

I would like to thank the Directors, our management team and all employees for their effort and commitment during this year. We look forward to another prosperous year ahead.

**Shaun Ankers**



**Consolidated Preliminary Financial Statements  
for the year ended 30 June 2017**

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## Consolidated Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June, 2017

	Note	Consolidated Group	
		2017	2016
		\$	\$
<b>Revenue and other income</b>			
Revenue from continuing operations	2	5,428,921	4,583,415
Other income	2	687,777	583,704
		<u>6,116,698</u>	<u>5,167,119</u>
<b>Expenses</b>			
Direct project costs		(58,866)	(43,287)
Employee benefits expense	3	(3,065,400)	(2,634,095)
Depreciation and amortisation expense	3	(512,894)	(360,665)
Rental expenses on operating leases		(214,667)	(192,767)
Consulting expenses		(401,570)	(350,821)
Insurance		(70,954)	(60,077)
Accounting fees		(77,971)	(88,285)
Acquisition and related expenses		(217,056)	0
Overseas marketing and research costs		(136,197)	0
Other expenses		(611,156)	(513,564)
		<u>(5,366,731)</u>	<u>(4,243,561)</u>
<b>Profit before income tax</b>		<u>749,967</u>	<u>923,558</u>
Income tax expense	4	(442,641)	(459,475)
<b>Profit after income tax from continuing operations attributable to owners of the</b>		<u>307,326</u>	<u>464,083</u>
Other comprehensive income		<u>0</u>	<u>0</u>
<b>Total comprehensive profit attributable to members of the parent entity</b>		<u>307,326</u>	<u>464,083</u>
Basic earnings per share (cents per share)	7	<u>1.63</u>	<u>2.53</u>
Diluted earnings per share (cents per share)	7	<u>1.62</u>	<u>2.50</u>

*The above consolidated statement of profit or loss and comprehensive income should be read in conjunction with the*



## Consolidated Statement of Financial Position

as at 30 June, 2017

		Consolidated Group	
		2017	2016
	Note	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	8	467,994	2,227,869
Trade and other receivables	9	2,867,204	2,055,823
Other assets	10	227,021	103,494
<b>Total Current Assets</b>		<b>3,562,219</b>	<b>4,387,186</b>
<b>Non-Current Assets</b>			
Trade and other receivables	9	426,757	203,685
Property, plant and equipment	11	429,442	502,430
Software development	12	4,661,594	2,373,243
Intangible assets	13	3,454,147	641,441
Other assets	10	220,653	330,981
Deferred tax asset	4	420,949	191,938
<b>Total non Current Assets</b>		<b>9,613,542</b>	<b>4,243,718</b>
<b>Total Assets</b>		<b>13,175,761</b>	<b>8,630,904</b>
<b>Current Liabilities</b>			
Trade and other payables	14	1,289,847	819,660
Borrowings	15	504,727	0
Income tax payable		588,156	474,212
Current deferred revenue	17	2,027,073	619,439
Current provisions	16	248,539	145,468
<b>Total Current Liabilities</b>		<b>4,658,342</b>	<b>2,058,779</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	14	244,856	343,504
Borrowings	15	1,350,700	0
Non current deferred revenue	17	998,682	837,292
Non current provisions	16	108,301	76,440
<b>Total Non Current Liabilities</b>		<b>2,702,539</b>	<b>1,257,236</b>
<b>Total Liabilities</b>		<b>7,360,881</b>	<b>3,316,015</b>
<b>Net Assets</b>		<b>5,814,880</b>	<b>5,314,889</b>
<b>Equity</b>			
Contributed equity	18	8,956,381	8,519,309
Reserves	19	59,608	118,818
Accumulated losses		(3,201,109)	(3,323,238)
<b>Total Equity</b>		<b>5,814,880</b>	<b>5,314,889</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

for the year ended 30 June, 2017

	Note	Consolidated Group			Total
		Contributed	Share Based	Accumulated	
		Equity	Payments	Losses	
		\$	Reserve	\$	\$
<b>Balance as at 1 July 2015</b>		8,262,059	274,925	(3,864,901)	4,672,083
Total comprehensive profit for the year		0	0	464,083	464,083
Transactions with owners in their capacity as owners:					
Share Issues		17,995	0	0	17,995
Share based payments		0	160,728	0	160,728
Shares vesting		239,255	(239,255)	0	0
Options lapsing		0	(77,580)	77,580	0
<b>Balance at 30 June 2016</b>		<b>8,519,309</b>	<b>118,818</b>	<b>(3,323,238)</b>	<b>5,314,889</b>
Total comprehensive profit for the year		0	0	307,326	307,326
Transactions with owners in their capacity as owners:					
Share Issues		313,996	0	0	313,996
Share based payments		0	63,866	0	63,866
Shares vesting		123,076	(123,076)	0	0
Dividends paid	6	0	0	(185,197)	(185,197)
<b>Balance at 30 June 2017</b>		<b>8,956,381</b>	<b>59,608</b>	<b>(3,201,109)</b>	<b>5,814,880</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

for the year ended 30 June, 2017

	Note	Consolidated Group	
		2017	2016
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		5,528,031	5,072,717
Receipts of government grants		751,291	835,763
Payments to suppliers and employees		(5,480,184)	(4,722,987)
Interest received		27,120	45,995
Net cash provided by operating activities	8	826,258	1,231,488
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	11	(10,859)	(74,521)
Proceeds from sale of fixed assets		3,400	0
Purchase of intangible assets - patents	13	(859)	(17,322)
Payments for software development costs	12	(983,015)	(924,434)
Payments for acquisitions of businesses	22	(3,867,999)	0
Cash obtained on acquisition of businesses	22	462,829	0
Receipt from restricted term deposit - Bank Guarantee		0	103,758
Payment for restricted term deposit - Bank Guarantee		0	(330,979)
Net cash used in investing activities		(4,396,503)	(1,243,498)
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		1,750,000	0
Receipts from share issues		137,073	257,250
Payment of dividend		(182,130)	0
Net cash provided by financing activities		1,704,943	257,250
<b>Net increase / (decrease) in cash held</b>		(1,865,302)	245,240
Cash and cash equivalents at beginning of financial year		2,227,869	1,982,629
Cash and cash equivalents at end of financial year	8	362,567	2,227,869

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

for the year ended 30 June, 2017

### **Note 1 Summary of Significant Accounting Policies**

The following is a summary of the material accounting policies adopted by the consolidated entity ("the Group") in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Basis of preparation**

Energy One Limited is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant note.

These financial statements have been prepared on an accruals basis under the historical cost convention and are presented in Australian dollars, which is Energy One Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2017. The directors have the power to amend and reissue the financial statements.

#### **(b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy One Limited ("company" or "parent entity") as at 30 June 2017 and the results of the subsidiary for the year then ended. Energy One Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the parent entity has control. The parent entity controls an entity when the consolidated entity 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 to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of the subsidiary are consistent with policies adopted by the Group.

#### **(c) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is 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 flows (cash generating units).

#### **(d) Goods and services tax (GST)**

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

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 1 Summary of Significant Accounting Policies (continued)

#### (e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (f) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. There has been no material impact of these changes on the Groups' accounting policies.

#### (g) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations are set out below :-

##### **AASB 16 Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and additional disclosure requirements. The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The consolidated entity will adopt this standard from 1 July 2019. On adoption, the consolidated entity will be required to capitalise operating lease commitments (as disclosed in Note 21) on the balance sheet. This will result in a non-current asset representing the right-of-use asset inherent in the lease, and the related current and non-current liability associated with the future lease payments. The asset will be valued at the present value of future minimum lease payments and depreciated over the term of the lease.

##### **AASB 9 Financial Instruments**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it creates an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional disclosures. The entity has both long term and short term trade receivables. When this standard is adopted, the entity's loss allowance on trade receivable may increase due to the change to an expected credit loss method. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 1 Summary of Significant Accounting Policies (continued) (g) New accounting standards for application in future periods (continued)

#### **AASB 15 Revenue from Contracts with Customers**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. Based on the Group's initial assessment and the nature of licensed fee revenue being predominately recorded over time rather than at a point in time, we do not expect a material impact on the adoption of this standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Note	Consolidated Group	
	2017	2016
	\$	\$
<b>Note 2 Revenue and Other Income</b>		
<i>Revenue from continuing operations</i>		
Licences and related services	<b>5,428,921</b>	4,583,415
<i>Other income</i>		
Interest income	<b>68,769</b>	107,977
Research & development incentive income	<b>615,608</b>	475,726
Proceeds from sale of assets	<b>3,400</b>	0
	<b>687,777</b>	583,703
Total Revenue and other Income	<b>6,116,698</b>	5,167,118

#### *Licences and related services*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, duties and taxes paid.

Licences and related service revenue is recognised by reference to the individual contracts with customers. The license fee portion of contract revenue is recognised on transferring of significant risks and rewards of ownership of the licensed software under the contract arrangement. The project, implementation, support and services revenue is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. All revenue is stated net of the amount of goods and services tax (GST).

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 2 Revenue and Other Income (continued)

#### Key Estimates & Judgements - Revenue Recognition

There are two key judgements associated with License and related services revenue as noted above. These are as follows:

- (a) Revenue is recognised at the fair value of consideration received or receivable and there is judgement associated with the expected revenue to be received over the life of a contract with a customer. Management recognise revenue based on the best estimate of expected revenue to be received for individual contracts.
- (b) Project and implementation services provided to customers is determined with reference to the stage of completion of the transaction at reporting date. There is judgement associated with determining the stage of completion of each individual contract with a customer as noted in the accounting policy above.

#### Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### Research & development incentive income

The Group, through the continued development of its Software has invested funds in research and development. Under the Research & Development Tax Incentive scheme jointly administered by AusIndustry and the ATO, the Australian Government offers rebates for funds invested in research and development. Government grants relating to development costs capitalised are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. The remaining balance of government grants is directly recognised in the profit or loss.

#### Key Estimates - Research and development tax incentive

The Group recognises R&D Tax Incentive based on guidelines from the ATO and AusIndustry. Eligible overheads are apportioned to Research and Development based on R&D hours as a percentage of total hours.

Consolidated Group		
	2017	2016
Note	\$	\$
11	40,360	35,534
11	78,770	52,673
12	386,793	252,409
13	4,138	1,956
11	2,833	18,094
	512,894	360,666
	3,699	361
	279,654	249,365
26	77,863	178,724
(a)	2,707,883	2,206,006
	3,065,400	2,634,095

(a) From the total employee benefit expense, \$768,077 represent expenditures related to research and development activities (2016: \$831,971).

## Notes to the Financial Statements

for the year ended 30 June, 2017

		Consolidated Group	
		2017	2016
		\$	\$
Note			
<b>Note 4</b>	<b>Income Tax Expenses</b>		
(a)	The components of tax expense comprise:		
	Current tax	475,555	474,213
	Prior year tax adjustment	24,695	(171)
	Effect of change in tax rates from 30% to 27.5% on opening balances	(15,995)	0
	Deferred tax	(41,614)	(14,567)
	Income tax expense	442,641	459,475
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2016: 30%)	206,241	277,067
	Add tax effect of Non-deductible expenses (excluding research & development)	17,123	2,010
	Income Tax expense before effect of R&D Incentive and prior period adjustment	223,364	279,077
	Tax effect of R&D incentive	210,577	180,569
	Prior year tax adjustment	24,695	(171)
	Effect of change in tax rates from 30% to 27.5% on opening balances	(15,995)	0
	Income tax attributable to entity	442,641	459,475
(c)	Net deferred tax asset :-		
	Opening balance	191,938	177,371
	Charged to income	(41,614)	14,567
	Acquisition	259,689	0
	Prior year tax adjustment	26,930	0
	Effect of change in tax rates from 30% to 27.5% on opening balances	(15,995)	0
	Closing balance net deferred tax asset	420,949	191,938
(d)	The Group has no unrecognised accrued tax losses at 30 June 2017 (2016: \$0).		

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or directly in equity, respectively.

The Group accounts for R&D incentives as government grants under AASB 120, resulting in the incentive being recognised in the profit or loss and the R&D expenditure treated as a non deductible for tax purposes.



## Notes to the Financial Statements

for the year ended 30 June, 2017

Note	Consolidated Group	
	2017 \$	2016 \$
<b>Note 5 Auditor Remuneration</b>		
The Auditor of Energy One Limited is BDO East Coast Partnership.		
Fees paid or payable for audit services :-		
Auditing and reviewing the financial reports	67,000	62,000
Fees paid or payable for other services :-		
Taxation services	9,550	7,300
Other services	8,671	0
	<b>85,221</b>	<b>69,300</b>

### Note 6 Dividends

Dividends paid during the year	185,199	0
Franking account balance	0	0

On 11 August 2016 the Company declared an unfranked dividend of 1 cent per ordinary share (\$185,199). The record date for the dividend was 2 September 2016. The payment date for the dividend was 30 September 2016.

On 22 August 2017 the Company declared an unfranked dividend of 1 cent per ordinary share (\$197,328). The record date for the dividend is 29 September 2017. The payment date for the dividend is 27 October 2017.

### Note 7 Earnings per Share

Basic EPS	0.0163	0.0253
Diluted EPS	0.0162	0.0250
Earnings used in calculating basic and diluted earnings per share	307,326	464,083
Weighted average number of ordinary shares used in calculating basic earnings per share	18,866,549	18,309,177
Weighted average number of options and share rights outstanding	156,709	254,308
Weighted average number of ordinary shares used in calculating diluted earnings per share	19,023,258	18,563,486

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any change in earnings per share that may arise from the conversion of options or convertible notes or other quasi equity instruments on issue at financial year end, into shares in the Company at a subsequent date.

There were 333,333 (2016 : 333,333) share rights outstanding at 30 June 2017. 166,666 share rights are issued subject to performance provisions being met and are not included in the calculation of diluted earnings per share as the conditions are not yet satisfied at year end (refer Note 27).

### Note 8 Cash and Cash Equivalents

Cash at bank and on hand	197,516	299,293
Short term bank deposits	270,478	1,928,576
	467,994	2,227,869
Bank Overdraft	15 (105,427)	0
Cash and cash equivalents at end of financial year	362,567	2,227,869

The effective interest rate on short-term bank deposits for the year was 1.88% (2016: 2.61%); these deposits have an average maturity of 63 days. The weighted average effective interest on cash and cash equivalents was 0.93% (2016: 2.17%).

The company has a bank overdraft of \$250,000 of which \$105,427 was drawn (2016: N/A) currently at an interest rate of 7.26% (2016: NA). The Group's exposure to interest rate risk is discussed in Note 27.

## Notes to the Financial Statements

for the year ended 30 June, 2017

		Consolidated Group	
		2017	2016
	Note	\$	\$
<b>Note 8</b>	<b>Cash and Cash Equivalents (continued)</b>		
<i>Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</i>			
Profit from ordinary activities after income tax		<b>307,326</b>	464,083
Non-cash flows in profit from ordinary activities :			
Depreciation and amortisation		<b>512,894</b>	360,666
Proceeds on sale of assets		<b>(3,400)</b>	0
Employee share rights		<b>(59,210)</b>	(78,527)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries :			
(Increase)/decrease in trade and other receivables		<b>(714,060)</b>	151,974
(Increase)/decrease in other assets		<b>12,074</b>	(60,828)
(Increase)/decrease in deferred tax assets		<b>30,678</b>	(14,567)
Increase/(decrease) in trade and other payables		<b>160,980</b>	286,509
Increase/(decrease) in income tax payable		<b>1,343</b>	0
Increase/(decrease) in provisions		<b>61,575</b>	(11,975)
Increase/(decrease) in deferred income		<b>516,058</b>	134,154
Net cash provided by operating activities		<b>826,258</b>	1,231,489

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

### *Cash and Cash Equivalents & Restrictive Cash Deposits*

Cash and cash equivalents at end of financial year		<b>362,567</b>	2,227,869
Restrictive cash deposits held for bank guarantees:			
Other current assets	10	<b>110,326</b>	0
Other non-current assets	10	<b>220,653</b>	330,979
		<b>693,546</b>	2,558,848

## **Note 9 Trade & Other Receivables**

### *Current*

Trade receivables		<b>1,377,979</b>	812,145
Accrued income	(a)	<b>667,761</b>	472,006
R&D tax incentive	(b)	<b>810,409</b>	751,295
Other receivables		<b>11,055</b>	20,377
		<b>2,867,204</b>	2,055,823

### *Non current*

Accrued income	(a)	<b>426,757</b>	203,685
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### *(a) Accrued Income*

Amounts recorded as accrued income represents revenues recorded on projects not invoiced to customers at year end. These amounts have met the revenue recognition criteria but have not reached the payment milestones contracted with customers. Revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 9 Trade & Other Receivables (continued)

#### (b) R&D Tax Incentive

The Company is expecting a research and development tax incentive of \$810,409 from the Australian Tax Office in FY18 for the R&D costs incurred in the 2017 financial year (2016: \$751,294). There are no unfulfilled conditions or other contingencies attaching to the grants.

#### Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their 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. Refer to Note 27 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Within initial trade terms	Past due but not impaired			Past due and impaired
			31-60 days	61-90 days	>90 days	
<b>2017</b>						
Trade receivables and accrued income	2,472,497	2,290,821	140,357	33,888	7,431	0
Other receivables	821,464	821,464	0	0	0	0
<b>Total</b>	<b>3,293,961</b>	<b>3,112,285</b>	<b>140,357</b>	<b>33,888</b>	<b>7,431</b>	<b>0</b>
<b>2016</b>						
Trade receivables and accrued income	1,487,837	1,244,463	237,470	1,100	4,804	0
Other receivables	771,671	771,671	0	0	0	0
<b>Total</b>	<b>2,259,508</b>	<b>2,016,134</b>	<b>237,470</b>	<b>1,100</b>	<b>4,804</b>	<b>0</b>

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 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income. The Directors have not made a provision for impairment of receivables as at 30 June 2017.

## Notes to the Financial Statements

for the year ended 30 June, 2017

		Consolidated Group	
		2017	2016
	Note	\$	\$
<b>Note 10</b>	<b>Other Assets</b>		
<i>Current</i>			
Restricted term deposit		110,326	0
Prepayments and deposits		116,695	103,494
		<b>227,021</b>	<b>103,494</b>
<i>Non current</i>			
Restricted term deposit		220,653	330,979
Other non current assets		0	2
		<b>220,653</b>	<b>330,981</b>
<b>Note 11</b>	<b>Property, Plant and Equipment</b>		
Plant and equipment at cost		360,127	295,510
Accumulated depreciation		(202,352)	(143,517)
		<b>157,775</b>	<b>151,993</b>
Leasehold improvements at cost		403,110	403,110
Accumulated depreciation		(131,443)	(52,673)
		<b>271,667</b>	<b>350,437</b>
Total property, plant and equipment		<b>429,442</b>	<b>502,430</b>
<i>Movements in Carrying Amounts</i>			
Opening balance		502,430	64,209
Additions - at cost		10,859	544,521
Additions - acquisition		38,118	0
Disposals		(2,833)	(18,094)
Depreciation & amortisation expense	3	(119,132)	(88,206)
Closing balance		<b>429,442</b>	<b>502,430</b>

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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. All other repairs, maintenance and minor renewals are charged to the income statement during the financial period in which they are incurred.

The carrying amount of property, 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. 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.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives at 20%-40%.

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements

for the year ended 30 June, 2017

	Note	Consolidated Group	
		2017	2016
		\$	\$
<b>Note 12 Software Development</b>			
Software development - at cost		8,987,189	6,312,046
Software development - accumulated amortisation		(4,325,595)	(3,938,803)
		<b>4,661,594</b>	<b>2,373,243</b>
<i>Movements in Carrying Amounts</i>			
Opening balance		2,373,243	1,697,867
Additions - at cost		983,015	927,785
Additions - acquisition		1,692,129	0
Amortisation		(386,793)	(252,409)
Balance as at 30 June 2017		<b>4,661,594</b>	<b>2,373,243</b>

Software development costs are a combination of acquired software and internally generated assets and are carried at cost less accumulated amortisation. These assets are amortised over a period of ten years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Costs incurred in the development of software are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured. Development costs have a finite estimated life of ten years and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees time spent on the project.

Please refer to note 13 intangibles assets for impairment evaluation and key estimates and judgements.

## Note 13 Intangible Assets

Patents and trademarks - at cost	27,667	26,808	
Patents and trademarks - Accumulated amortisation	(6,612)	(2,474)	
	<u>21,055</u>	<u>24,334</u>	
Goodwill	<u>3,433,092</u>	617,107	
Total Intangible Assets	<u>3,454,147</u>	641,441	
<i>Movements in Carrying Amounts</i>			
	Patents \$	Goodwill \$	Total \$
Balance as at 1 July 2015	12,318	617,107	629,425
Additions	13,972	0	13,972
Amortisation	(1,956)	0	(1,956)
Balance as at 30 June 2016	<u>24,334</u>	<u>617,107</u>	<u>641,441</u>
Additions	859	2,815,985	2,816,844
Amortisation	(4,138)	0	(4,138)
Balance as at 30 June 2017	<u>21,055</u>	<u>3,433,092</u>	<u>3,454,147</u>

### Patents and Trademarks

Patents and trademark costs are costs associated with the lodging, renewal, and maintenance of patents and trademarks and are carried at cost less accumulated amortisation. These intangible assets are amortised over a period of five years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 13 Intangible Assets (continued)

#### Goodwill

Goodwill represents the excess of the cost of the acquisition of the net assets of an acquired company or business over the fair value of the Group's share of its net identifiable assets at the date of acquisition. Goodwill 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. Goodwill is carried at cost less accumulated impairment losses.

#### Key judgements and estimates - Recoverability of Intangible Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Goodwill is monitored by management as part of the whole business, which they believe is the only cash-generating-unit. The recoverable amount of the cash-generating-unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow plus a terminal value calculation. The cash flows are prepared applying a discount rate of 11.59% (2016: 12.99%) over a 5 year period and a terminal value calculated on the year five projected cash flow for a further five years at the same discount rate. A period of longer than 5 years has been used by management to better reflect the anticipated lifecycle of current and future licences.

Management has based the value-in-use calculations on budgets. These budgets use estimated and actual sales to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax.

Management have performed an impairment test of software, contracts and goodwill at the balance sheet date and have concluded that there are no impairments.

		Consolidated Group	
		2017	2016
		\$	\$
Note			
<b>Note 14</b>	<b>Trade and Other Payables</b>		
<i>Current</i>	Trade payables	410,206	324,505
	GST payable	185,775	70,216
	Sundry creditors and accruals	597,999	332,747
	Lease Incentive	95,867	92,192
		<b>1,289,847</b>	<b>819,660</b>
<i>Non Current</i>	Lease incentive	244,856	343,504

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which had not been settled at balance date. Trade and other payables are unsecured, non-interest bearing and are normally settled within 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

## Notes to the Financial Statements

for the year ended 30 June, 2017

		Consolidated Group	
		2017	2016
		\$	\$
Note			
<b>Note 15</b>	<b>Borrowings</b>		
<i>Current</i>	Bank Overdraft	105,427	0
	Term Loan	399,300	0
	Total current borrowings	504,727	0
<i>Non Current</i>	Term Loan	1,350,700	0

The company has a bank overdraft of \$250,000 of which \$105,427 was drawn (2016: N/A) currently at an interest rate of 7.26% (2016: NA).

Commencing 28 May 2017, the Company has a 3 year term loan in the amount of \$1,750,000 with a monthly principal repayment of \$33,275 currently at an interest rate of 4.26% (2016: NA). The funds provided from this term loan was used in the acquisition of Creative Analytics Pty Limited.

Both the term loan and the bank overdraft are secured by a fixed a floating charge over the company and its subsidiaries to Westpac Banking Corporation.

<b>Note 16</b>	<b>Provisions</b>		
<i>Current</i>	Employee benefits	248,539	145,468
<i>Non-Current</i>	Employee benefits	108,301	76,440

Provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement. However based on past experience, the Company does not expect all employees to take the full entitlement of leave within the next twelve months. The amount not expected to be taken with the next twelve months is \$108,301 (2016 : \$76,440).

### *Wages, salaries and annual leave*

Liabilities for wages, salaries, superannuation benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are expected to be settled, including appropriate on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### *Long service leave*

A provision for long service leave is taken up for a range of employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

<b>Note 17</b>	<b>Deferred Revenue</b>		
<i>Current</i>	Licences and related services received in advance	1,873,610	499,385
	Unearned R&D Tax Incentive	153,463	120,054
		2,027,073	619,439
<i>Non-Current</i>	Unearned R&D Tax Incentive	998,682	837,292

### *Deferred Revenue*

Amounts received from customers in advance of provision of services are accounted for as unearned revenue. Implementation revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

### *Unearned R&D Tax Incentive*

Research and development grant costs relating to capitalised development costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## Notes to the Financial Statements

for the year ended 30 June, 2017

	2017 Number	2016 Number	2017 \$	2016 \$
<b>Note 18 Contributed Equity</b>				
Issued capital at beginning of the financial period	<b>18,519,876</b>	17,835,341	<b>8,519,310</b>	8,262,059
Shares issued or under issue during the year -				
Shares Issued to employees	<b>38,878</b>	55,368	<b>13,996</b>	17,995
Shares issued as a result of the vesting of share rights	<b>384,615</b>	629,167	<b>123,075</b>	239,256
Shares issued on acquisition of Creative Analytics	<b>789,473</b>	0	<b>300,000</b>	0
Balance at the end of the financial year	<b>19,732,842</b>	18,519,876	<b>8,956,381</b>	8,519,310

### Ordinary Shares

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, are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There is no current on-market buy-back.

### Capital Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management effectively manages the Group's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. The Group has an externally imposed capital requirement to maintain \$50,000 surplus cash, a requirement of holding an Australian Financial Services Licence. There have been no breaches during the year.

If the Company reacquires its own equity instruments, (e.g. as the result of a share buy-back), 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.

	Note	2017 \$	2016 \$
<b>Note 19 Reserves</b>			
<i>Share based payment reserve</i>			
Balance at the beginning of the financial year		<b>118,818</b>	274,925
Movement in share based payments		<b>(59,210)</b>	(156,107)
Balance at the end of the financial year		<b>59,608</b>	118,818

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Note 20 Contingent Assets and Liabilities

The Group had no contingent liabilities or contingent assets as at 30 June 2017.



## Notes to the Financial Statements

for the year ended 30 June, 2017

Note	Consolidated Group	
	2017	2016
	\$	\$
<b>Note 21</b>		
<b>Commitments</b>		
<i>Operating Lease Commitments</i>		
Non-cancellable operating leases (including tenancy leases) contracted for at the reporting date but not capitalised in the financial statements:		
within one year	465,661	377,542
later than one year but not later than five years	1,061,580	1,289,934
	<b>1,527,241</b>	<b>1,667,476</b>

At the reporting date the Group leases three offices, under non-cancellable operating leases the later of which expires in November 2020.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

## Note 22 Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in statement of comprehensive income.

### pypIT

Energy One Limited completed the acquisition of the pypIT software business from Sydac Pty Limited on 25 August 2016 for the acquisition price of \$1,500,000.

pypIT is a business providing software and services to Australia's major gas transmission gas pipelines. Australia's major energy companies utilise gas transmission pipelines to fulfil their end use or retail gas supply requirements. The pypIT software allows customers of gas (gas shippers) to place order nominations onto the pipelines for the transmission of bulk gas, to have those nominations scheduled and to receive and settle invoices for transportation. It is used by major pipelines located in NSW, Victoria, SA and WA accounting for approximately 40% of Australia's domestic gas flows.

Consideration on acquisition :-

Cash	1,317,999
Provision for leave	36,523
Deferred contract revenue	145,478
<b>Acquisition Price</b>	<b>1,500,000</b>

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 22 Business combinations (continued)

*pypIT (continued)*

Fair value recognised on acquisition :-

Software development - at valuation	316,621
Contracts acquired	145,478
Goodwill on acquisition	<u>1,037,901</u>
<b>Net Assets</b>	<b><u>1,500,000</u></b>

The company also incurred acquisition and one related costs of \$158,328 consisting of professional fees and amortisation of contract assets acquired shown in the profit or loss as acquisition costs.

### *Creative Analytics Pty Limited*

Energy One Limited acquired all the shares in Creative Analytics Pty Limited on 31 May 2017 for an acquisition price of \$3,000,000.

Creative Analytics is a supplier of energy trading and market analytics software to customers in Australia and New Zealand. Creative Analytics has two key products; NemSight, a software as a service analytics product offering data reports and market intelligence for electricity and gas customer operating in the National Energy Market (NEM), and SimEnergy, an Energy Trading and Risk Management solution.

Consideration on acquisition :-

Cash on acquisition	2,550,000
Cash deferred to 28 September 2017 ( <i>sundry creditors and accruals note 14</i> )	150,000
Equity - 789,473 shares @ \$0.38c	<u>300,000</u>
<b>Acquisition Price</b>	<b><u>3,000,000</u></b>

Fair value recognised on acquisition :-

Current Assets	
Cash and cash equivalents	462,829
Trade and other receivables	174,915
Other assets	<u>25,273</u>
	<u>663,017</u>
Non Current Assets	
Property, plant and equipment	38,119
Software development - at valuation	1,375,508
Deferred tax asset	259,689
Goodwill on acquisition	<u>1,778,081</u>
	<u>3,451,398</u>
<b>Total Assets</b>	<b><u>4,114,415</u></b>
Current Liabilities	
Trade and other payables	57,488
Income tax payable	112,601
Deferred revenue	907,491
Provisions	<u>11,337</u>
	<u>1,088,917</u>
Non current Liabilities	
Provisions	<u>25,497</u>
<b>Total Liabilities</b>	<b><u>1,114,415</u></b>
<b>Net Assets</b>	<b><u>3,000,000</u></b>

The company also incurred acquisition costs of \$52,636 consisting of professional fees shown in the profit or loss as acquisition costs.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 22 Business combinations (continued)

*Creative Analytics Pty Limited (continued)*

The business combination accounting for Creative Analytics is accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

### Note 23 Segment information

The Group is managed primarily on the basis of product and service offerings and operates in one segment, being the Energy software industry, and in one geographical segment, Australia.

During the year ended 30 June 2017 the Group derived 74% (2016 : 84%) of revenue from three major customers to which it provided both licences and services. Management assess the performance of the operating segment based on the accounting profit or loss.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. There has been no impact on the measurement of the Company's assets and liabilities.

### Note 24 Subsequent Events

No matter or circumstance has arisen since 30 June 2017 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

Note 25	Controlled Entities	Country of Incorporation	% Equity		Investment \$	
			2017	2016	2017	2016
	Ultimate Parent Company					
	Energy One Limited	Australia				
	Controlled Entity					
	Energy One Employee Option Plan Managers Pty	Australia	100%	100%	2	2
	Creative Analytics Pty Limited	Australia	100%	0%	3,000,000	0
					Consolidated Group	
					2017	2016
			Note		\$	\$

### Note 26 Related Party Transactions

*Key management personnel*

Details regarding key management personnel, their positions, shares, rights, and options holdings are details in the remuneration report within the Directors' Report contained in the 2017 Annual Report.

Remuneration of key management personnel :

Short term employee benefits	993,330	806,220
Post employment benefits	111,633	101,288
Long term benefits	24,572	24,390
Share based payments	65,868	162,729
	<b>1,195,403</b>	<b>1,094,627</b>

*Mr Vaughan Busby - Director*

Mr Busby is a non-executive Director of Energy One Limited and Ergon Energy Queensland Pty Limited a customer of the Company. Transactions between the company and Ergon Energy Queensland Pty Limited are on commercial terms and conditions and are completed at an arms length. The agreement generating transactions between the Company and Ergon Energy Queensland Pty Limited commenced prior to Mr Busby being inducted to Ergon's Board and have continued to operate under the terms and conditions of that agreement.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 27 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. 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 and other price risks and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer under policies approved by the Board of Directors and the Risk Committee. The CFO identifies, evaluates the financial risks in close co-operation with the Company's management and board.

		<b>Consolidated Group</b>	
		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
The Group holds the following financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements:			
<i>Financial assets</i>			
Cash and cash equivalents	8	467,994	2,227,869
Trade and other receivables	9	2,867,204	2,055,823
Deposit with bank for bank guarantee – due within 12 months	8	110,326	0
Due within 12 months		3,445,524	4,283,692
Deposit with bank for bank guarantee – due after 12 months	8	220,653	330,979
<i>Financial liabilities</i>			
Trade and other payables - due within 12 months	14	(1,289,847)	(819,660)
Borrowings - due with 12 months	15	(504,727)	0
Due within 12 months		(1,794,574)	(819,660)
Trade and other payables - due after 12 months	14	(244,856)	(343,504)
Borrowings - due after 12 months	15	(1,350,700)	0
Due after 12 months		(1,595,556)	(343,504)
Net assets		276,047	3,451,507

#### Foreign exchange risk

The Group does not have any significant exposure to foreign exchange risk.

#### Cash flow and fair value interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group's main interest rate risk at year end arises from short-term deposits. The Group is exposed to earnings volatility on floating rate instruments.

The interest rate risk is managed using a mix of fixed and floating short-term deposits. At 30 June 2017 approximately 49% (2016 : 86%) of cash and cash equivalents are fixed short term deposits. Short-term deposits are used to ensure that the best interest rate is received. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate, which is why the Group uses a number of banking institutions.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 27 Financial Risk Management (continued)

The interest rate risk is detailed in the tables below :

	Weighted Avg Effective Interest rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
<i>Consolidated entity 30 June 2017</i>					
Financial Assets :					
Cash and cash equivalents	0.93%	270,478	197,516	0	467,994
Receivables	0.00%	0	0	2,867,204	2,867,204
Deposit for bank guarantee	1.80%	220,653	0	0	220,653
Total financial assets		491,131	197,516	2,867,204	3,555,851
Financial Liabilities :					
Payables - due within 12 months		0	0	1,289,847	1,289,847
Payables - due after 12 months		0	0	244,856	244,856
Total financial liabilities		0	0	1,534,703	1,534,703
<i>Consolidated entity 30 June 2016</i>					
Financial Assets :					
Cash and cash equivalents	2.61%	1,928,576	299,293	0	2,227,869
Receivables	0.00%	0	0	2,055,823	2,055,823
Deposit for bank guarantee	2.75%	330,979	0	0	330,979
		2,259,555	299,293	2,055,823	4,614,671
Financial Liabilities :					
Payables - due within 12 months		0	0	819,660	819,660
Payables - due after 12 months				343,504	343,504
		0	0	1,163,164	1,163,164

#### Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		Consolidated Group	
		2017	2016
	Note	\$	\$
Change in profit	Increase in interest rate by 1%	(179)	2,906
	Decrease in interest rate by 1%	179	(2,906)
Change in equity	Increase in interest rate by 1%	(179)	2,906
	Decrease in interest rate by 1%	179	(2,906)

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to trading customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Banks without a rating of 'A', but included in the government guarantee will be considered with a maximum \$1M deposit. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the CFO. The compliance with credit limits is monitored by the CFO.

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 9. No single deposit was larger than \$1M. The Group does not hold any security or guarantees for the financial assets.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### **Note 27 Financial Risk Management (continued)**

#### *Liquidity Risk*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets, for instance cash.

#### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method.

#### *Recognition and Initial Measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### *Fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

The effective interest rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period of the net carrying amount of the financial asset or liability.

#### *Loans and receivables*

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

#### *Financial assets*

The Group does not have financial assets categorised as financial assets at fair value through profit or loss, held to maturity or available for sale.

#### *De-recognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 27 Financial Risk Management (continued)

#### Financial liabilities

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

#### Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

### Note 28 Share Based Payments

The Company operates a number of share-based compensation plans. These include a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. Fair value of the options at the grant date is expensed over the vesting period.

The fair value of shares, options and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is measured using a Binominal pricing model that takes into consideration the exercise price, the term of the option, the impact of dilution, and the share price at grant date.

The following share-based payment arrangements existed at 30 June 2017:

#### Tax Paid Option Plan

The Tax Paid Option Plan (TPOP) was established on 31 December 2009. The TPOP allows the Company to grant options or rights to acquire ordinary Shares in Energy One to selected key employees and selected Directors, subject to satisfying performance and service conditions set down at the time of offer. There were no options exercisable or outstanding at year end (2016: Nil).

#### Equity Incentive Plan

The Equity Incentive Plan (EIP) was established on 31 October 2014. The EIP allows the Company to offer employees, and directors different share scheme interests, either as exempt shares or share schemes subject to satisfying performance and service conditions set down at the time of offer.

	Consolidated Group	
	2017	2016
Note	\$	\$
Total expense arising from EIP share based payments for the financial year	<b>77,863</b>	178,724
	2017	2016
	No of rights	No of rights
Movements in share rights under the EIP for the financial year :		
Balance at the being of the financial year	<b>717,949</b>	962,500
Rights granted	<b>0</b>	384,616
Rights vested and issued as ordinary shares	<b>(384,616)</b>	(629,167)
Balance at the end of the financial year	<b>333,333</b>	717,949
Average issue price in cents	<b>38.06</b>	34.81

384,616 share rights vested during the year ended 30 June 2017 (629,167 : 2016). The weighted average share price at the date of exercise was 32.00c. The exercise price is \$nil (2016: Nil). The weighted average share price during the financial year was 37.60c (2016: 33.99c).

## Notes to the Financial Statements

for the year ended 30 June, 2017

### Note 28 Share Based Payments (continued)

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.17 years (2016: 0.49 years).

#### Key Estimates - Share based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

	Consolidated Group	
	2017	2016
Note	\$	\$

### Note 29 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.

Current assets	3,222,027	4,387,186
Non current assets	8,660,298	4,243,718
<b>Total Assets</b>	<b>11,882,325</b>	<b>8,630,904</b>
Current liabilities	3,433,957	2,058,779
Non current liabilities	2,694,770	1,257,236
<b>Total Liabilities</b>	<b>6,128,727</b>	<b>3,316,015</b>
<b>Net Assets</b>	<b>5,753,598</b>	<b>5,314,889</b>
Issued capital	8,956,381	8,519,309
Reserves	59,608	118,818
Accumulated losses	(3,262,391)	(3,323,238)
<b>Total Equity</b>	<b>5,753,598</b>	<b>5,314,889</b>
<b>Profit for the year of the parent entity</b>	<b>246,045</b>	<b>464,083</b>
<b>Total comprehensive income for the parent entity</b>	<b>246,045</b>	<b>464,083</b>

The Parent has deposits with banks that are used for bank guarantees of \$330,979 (2016: \$330,979) for rent on head office premises.

The Parent has no other contingent liabilities or contractual commitments for the acquisition of property, plant or equipment.

The financial information for the parent entity, Energy One Limited has been prepared on the same basis as the consolidated financial statements.