2017 ANNUAL REPORT

Financial year ended 30 June 2017

energy one

Comprehensive Energy Trading Solutions

www.energyone.com.au

Energy One Limited (ASX : EOL)

Energy One Limited is a supplier of software products and services to wholesale energy, environmental and carbon trading markets.

Listed on the Australian Stock Exchange since 2007, but with more than 15 years of market experience, Energy One has a successful track record of providing sophisticated, practical solutions to Australian and international companies operating in the fast-paced 24/7 wholesale energy marketplace.

The wholesale energy market is complex, incorporating the trading of physical energy (gas and electricity) with the requirement to capture and settle contracts for hedging, trading and risk management purposes as well as a vast array of wholesale operations needs such as electricity bidding, gas nominations, pipeline logistics and environmental compliance management.

Our integrated Wholesale Energy Trading Suite makes all this possible by incorporating best-of-breed system modules to provide a single platform solution to enable energy generators, retailers, producers, shippers, large scale users and traders to manage their entire wholesale trading portfolio, specifically:

- Market and network analytics for electricity and gas trading decision support
- Energy Trading and Risk Management (ETRM) for deal capture, risk and settlements – for electricity, gas, coal, oil and Environmental products including carbon
- Physical Energy (Spot)Trading for all formalised markets for gas and electricity
- Wholesale market operations, gas nominations, contract and network optimisation
- Wholesale gas pipeline transmission scheduling and contract management
- Energy Business Intelligence, data management, dashboarding and out-of-the-box reporting for managers of wholesale energy operations

In FY2017 the Energy One group was joined by pypIT a business platform that is responsible for facilitating the transmission of 40% of Australia's gas through pipelines.

In addition, the Company welcomed Creative Analytics P/L to the group, another leading vendor of wholesale energy trading software with the widely-used products NemSight and SimEnergy.

The Energy One Group now has more than 70 customers and 1200+ users across Australia (and New Zealand).

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2017 Chairman's Report

Dear Shareholder,

It is with pleasure that I am able to report that Energy One has reported its fourth consecutive year of profitability.

Revenues (+18%) and underlying earnings (EBITDA) (+20%) both grew strongly, whilst net profit before tax increased by 5% from 2016. However, net profit after tax was lower, falling by some 34% from the year prior to $0.307M due mainly to one off acquisition costs and additional overseas marketing and research expenses. I also wish to again highlight that recurring revenue streams now comprise the majority of all the revenues earned by EOL.

More detail on Energy One's operational performance can be found in the Chief Executive Officer's report.

I have previously reported that Energy One wished to pursue its next phase of growth through both organic expansion and targeted acquisitions.

Regarding acquisitions, management and the Board have devoted considerable time and effort during recent years evaluating multiple investment opportunities. Pleasingly, these continued efforts allowed Energy One to complete two acquisitions this financial year (pypIT in August 2016, and Creative Analytics (CA) in May 2017). The pypIT purchase has performed well, and early indications are that the CA acquisition will also be a strong performer.

The two acquisitions that were completed this year were funded via a combination of pre-existing cash reserves, bank debt facilities and new equity (issued to CA owner). Importantly, the resultant capital structure, when combined with the stronger cash flow emanating from these recent acquisitions, affords the Company considerable financial capacity to continue pursuing further synergistic acquisition opportunities – if and when they arise.

Organic growth has also continued to progress satisfactorily. Our customer numbers continue to increase, as do the number of products being used by those customers. With domestic organic growth opportunities well advanced and resourced, the focus has shifted to a targeted international approach – selling existing products into new geographic markets exhibiting suited characteristics. This investment has been evidenced by the increased level of overseas marketing and research expenses recorded this past financial year. International customer feedback received thus far (particularly in the UK and Western Europe) has been sufficiently positive to encourage Energy One to continue proving-up these potential markets during the coming twelve months.

In his report, the CEO also highlights other organic growth opportunities that may eventuate due to regulatory changes being contemplated by Governments to the operation of the Australian gas markets. Energy One continues to deliver transformational technology in a timely manner to help our customers adapt to such changes. Delivering complex projects on time and on budget has reinforced Energy One's reputation as a trusted supplier-of-choice for enterprise wide software platforms in the energy industry.

When reviewing the existing capital position of the business, and assessing the potential for future business growth, the Board remains mindful of the need to balance further new investment against the need to realise expected returns from investments already made. With both these matters in mind, the Board has decided to declare a final dividend of $0.01 per share in this reporting period. The ongoing payment of dividends will be regularly reviewed by the Board in the future.

The limited market liquidity in EOL's traded shares on ASX continues to be a topic of discussion for the both the Board and shareholders. The introduction of a dividend reinvestment plan in conjunction with the payment of the final dividend this year is intended to provide an incremental improvement to this ongoing matter.

I reiterate that the Board of Energy One remains committed to maximising shareholder value by both growing, and improving the performance of the business going forward.

In closing, I would like to again thank my fellow directors, management and staff for their continued support, dedication, and strong efforts throughout this busy and productive year.

Ottmar Weiss

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

creative analytics

About Creative Analytics

Formed in 2001, Creative Analytics is a leading supplier of energy market data and analytics via its NemSight data analytics Software-as-a-Service platform. The company also offers SimEnergy, an Energy Trading and Risk Management solution along with other market alerting and trading tools.

The business is successful and highly regarded, with a strong team of industry experts, more than 60 customers and 1000+ registered users across most of the energy companies in Australia. The Company has a strong base of recurring revenue and has been growing the customer base by 13% p.a in the last 3 years.

Creative Analytics' products are well established and regarded in the energy industry. The NemSight platform is the go-to analytics solution for energy traders, offering in-depth data reports and market intelligence for electricity and gas customers operating in the National Energy Market (NEM).

The other major product, SimEnergy, offers a cost effective and popular ETRM package, used by 13 customers such as windfarms, generators and retailers operating in the NEM.

In addition to the immediate financial strengths and benefits created by the combination of the Creative Analytics and Energy One businesses, the Company considers this a vital strategic move to ensure we can take a leading position in the wholesale energy trading value chain and offer our customers a complete suite of solutions for all their trading needs.

Your directors present their report on the Company and its controlled entity (the Group) for the financial year ended 30 June 2017.

Principal activities

The principal activity of the Group during the financial year was the supply and development of software and services to energy companies and utilities.

There were no significant changes in the nature of the Company during the financial year.

Review of operations

Total revenue and other income for the year was $6,116,698. Of this revenue, $5,428,921 was from the software business.

After costs the company produced an underlying EBITDA of $1,414,847 and an underlying net profit before tax of $967,023. The net profit after tax of $307,326 (2016 : $464,083), decrease due to one off acquisition costs and additional overseas marketing and research expenses.

The following five year summary table highlights EOL's continued business growth :-

	2013	2014	2015	2016	2017
Revenue and other income	2,444,761	3,454,107	5,549,592	5,167,119	6,116,698
Underlying EBITDA *	149,525	822,996	1,359,137	1,176,607	1,414,847
Underlying net profit / (loss) before tax *	**(210,739)**	**337,605**	**836,875**	**923,558**	**967,023**
Income Tax Expense	0	0	(149,513)	(459,475)	(442,641)
Net profit / (loss) after tax	**(210,739)**	**337,605**	**687,362**	**464,083**	**307,326**
Basic earnings per share (in cents)	(1.18)	1.90	3.86	2.53	1.63
Share Price	0.07	0.37	0.33	0.30	0.40

* Before one off acquisition and related costs

Energy One, together with Creative Analytics, offer the most comprehensive, integrated software solutions for the trading of both physical and financial energy in Australia. With an established market presence, the Company seeks to become the dominant provider of software and services to this sector of the market over the medium

The Company continues investing in research and development and as such expects to receive $810,409 in R&D Tax incentives for FY 2017, partially offsetting the R&D costs incurred during the year.

The Company's net assets increased by $499,991 compared to the prior year. As of 30 June 2017 the Group's cash position of $467,994 has decreased by $1,759,875 from FY16, primarily due to the acquisitions of pypIT and Creative Analytics Pty Limited.

Significant changes in state of affairs

The company made two acquisitions during FY17; pypIT on 25 August 2016 and Creative Analytics Pty Limited on 31 May 2017. As a result the company incurred one off acquisition costs. Further information is provided in the notes to the financial statements.

There were no other significant changes in the state of affairs for the Company during the 2017 financial year.

After balance date events

There have been no after balance date transactions that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group subsequent to the year ended 30 June 2017.

Future developments, prospects and business strategies
The Company continues to target organic growth from its suite of existing products and services, the development of new and innovative products and expansion into new markets. We also remain alert to targeted acquisitions, as value-based opportunities arise.

Energy One's customers are producers, traders, retailers and users of energy. The suite of products we have been developed for complex and fast-moving energy trading offers unrivalled functionality for the markets our customers operate in. Our customers include leading blue chip businesses in Australia and New Zealand.

Whilst strongly focussed on the local market, the Company is seeking to sell its products and services to targeted overseas markets. The UK and European Union look particularly perspective and we are engaging with partners in those markets to provide local presence.

The Company recognises the popularity of Software-as-a-Service (SaaS) and many of our products can be readily deployed in this manner to take advantage of the latest developments in technology. In doing so, provide flexible solutions to meet the evolving needs of our customers.

In summary, our expertise includes the following areas:
- Wholesale energy market analytics, intuitive reports and alerting (including mobile applications)
- Wholesale energy, environmental and carbon trading software, including front, middle and back office (ETRM).
- Physical energy bidding, dispatch and trading in both electricity and gas.
- Automation of energy trading business processes.
- Risk management tools and software.
- Consulting in wholesale and retail energy markets.
- IT and Database services and managed applications.
- Versatile deployment and licensing solutions.

The Company remains committed to ongoing innovation, investing in excess of $1m in the development of new products during the year. A selection of our product offerings are detailed below : -

EnergyFlow - Energy business process automation
The EnergyFlow platform is a ground-breaking solution allowing customers to automate their energy business operations - from logistics and nominations, through to specialist tasks such as environmental transactions, settlements and position reporting. The platform enables customers to automate complex business process improving transparency and eliminating errors arising from unnecessary manual tasks. This not only improves compliance and auditability but also dramatically improves productivity.

EnergyFlow forms part of our integrated Wholesale Energy Trading Suite enabling customers to manage their entire wholesale energy market operations for electricity, carbon and gas.

NemSight - Energy Market Analytics
When it comes to energy trading, data and reporting analytics are all-important. Energy One, through Creative Analytics, offer a powerful suite of tools providing market analytics for both electricity and gas. In addition, we offer reporting tools to enable customers to rapidly analyse and report trading positions across their derivatives and environmental hedge books. NemSight is the most popular analytics system in the Australian market.

Physical Energy Bidding software (EnergyOffer)
Energy One is the leading local provider of enterprise bidding systems enabling electricity generators to bid their energy into spot or pool markets. This vital process is a 24/7 mission-critical process for energy companies. As such the EnergyOffer platform provides customers with the necessary reliability required to offer their wholesale energy and generation into the various markets such as NEM, STTM, WEM and VicGas.

Future developments, prospects and business strategies (continued)

EnergyOne Trading and SimEnergy - Energy Trading and Risk Management

These two established products are well-regarded ETRM systems providing rapid deployments for energy, carbon and environmental certificate trading requirements. SimEnergy is an ETRM system providing functionality out-of-the-box in a cost-effective package while EOT is an enterprise ETRM system focusing on multi- commodity energy companies. These two products combined, are the most popular systems of their type in the Australian market for the capture, valuation and settlement of energy (electricity, oil and gas) contracts and derivatives.

pypIT - Gas transmission scheduling and billing

For the operators of gas pipelines the need to receive trade orders from their customers is a mission-critical activity - as is the scheduling, messaging, reconciliation and settlement (billing) of those shipments. pypIT is the largest independent platform in Australia serving 40% of the country's bulk gas transmission. As such it used by a number of Australia's blue-chip infrastructure companies.

The full range of our products are available on our website www.energyone.com.au and www.analytics.com.au.

Our energy market expertise and the flexibility of our software means the Company can readily develop products for associated markets and geographies. In the FY17 and FY18 years, the Company is actively pursuing market opportunities in the UK, Europe and North American energy sectors.

Energy One continually explores growth opportunities through targeted acquisitions or technology sharing arrangements, especially where those opportunities provide strategic synergies for the business within our chosen markets and in keeping with our focus and vision. This is an ongoing strategy for the Company and opportunities are assessed on a value basis as they arise.

Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Dividends paid or recommended

The Directors recommended the payment of a final ordinary unfranked dividend of 1.0 cent ($185,199) paid on 30 September 2016 in respect of the year ended 30 June 2016.

The Directors recommended the payment of a final ordinary unfranked dividend of 1.0 cent ($197,328) to be paid on 27 October 2017 in respect of the year ended 30 June 2017.

Directors

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

Ottmar Weiss	Chairman - Independent Director	
Qualifications	BA (accounting); CPA; CTA	
Experience	Mr Weiss has over 25 years experience in banking, finance and risk management, as well as being a qualified accountant and registered Tax Agent. Previously, Mr Weiss worked at Macquarie Bank where he held the position of Global Head of the Equity Markets Group and was also a member of Macquarie Bank's Executive Committee.	
Interest in Shares		1,152,223 Ordinary Shares
Directorships held in other listed entities in the last 3 years		N/A

Directors (continued)

Shaun Ankers	Chief Executive Officer / Non-independent Director	
Qualifications	BSc (Hons), GradDip Mgt	
Experience	Mr Ankers has more than 20 years business experience, focused on the growth and development of technology businesses, including sales and marketing experience with Utilities and major clients.	
Interest in Shares and Rights		403,667 Ordinary Shares 333,333 Share Rights
Directorships held in other listed entities in the last 3 years		N/A

Ian Ferrier	Non-independent Director	
Qualifications	CA	
Experience	Mr Ferrier has over 40 years experience in corporate recovery and turnaround practice. Mr Ferrier is also a director of a number of private and public companies. He is also a fellow of The Institute of Chartered Accountants in Australia.	
Interest in Shares and Options		6,631,585 Ordinary Shares
Directorships held in other listed entities in the last 3 years		Goodman Group Limited - Chairman Australian Vintage Limited - Chairman (resigned Jun 2015) Reckon Limited - Chairman

Andrew Bonwick	Independent Director	
Qualifications	B App.Sc.; M Comm	
Experience	Mr Bonwick was the Managing Director of ASX listed Australian Energy Limited (now called Power Direct) and prior to that was the Marketing Director of Yallourn Energy for 6 years. His career has included roles in senior management, institutional equity research and management consulting.	
Interest in Shares and Options		498,923 Ordinary Shares
Directorships held in other listed entities in the last 3 years		N/A

Vaughan Busby	Non-independent Director	
Qualifications	B.Pharm; MBA	
Experience	Mr Busby was previously the CEO and Managing Director of Energy One. Previously a Director of Ferrier Hodgson, he has considerable experience in turnaround and restructuring of businesses.	
Interest in Shares and Options		3,762,959 Ordinary Shares
Directorships held in other listed entities in the last 3 years		N/A

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Richard Standen	Chief Financial Officer & Company Secretary
Qualifications	BEc; CPA; ACIS
Experience	Mr Standen has served as CFO & Company Secretary of eBet Limited, CFO of DataDot Limited both ASX listed technology companies and previously consulted to a variety of business and industries.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Board Meetings		**Audit Committee**		**Remuneration Committee**		**Risk Management Committee**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ottmar Weiss	8	7	2	2	1	1	2	1
Shaun Ankers	8	7	2	1	1	1	2	2
Ian Ferrier	8	7	N/A	N/A	1	1	N/A	N/A
Andrew Bonwick	8	8	2	2	1	1	2	2
Vaughan Busby	8	8	2	2	1	1	2	2

Indemnifying officers or Auditor

The Company has paid premiums to insure all of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium which covers a one year period was $22,593 (excl GST). Indemnity has not been provided for auditors.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* . The directors are satisfied that the services disclosed below did not compromise the external auditor, BDO East Coast Partnership's independence for the following reasons :

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2017:

Taxation and other services	18,221

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found after the directors' report.

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each director of Energy One Limited, and for the executives receiving the highest remuneration. The information provided in this report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration policy

Energy One's remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration Committee reviews and makes recommendations to the Board of Directors and senior executive remuneration and overall staff remuneration and incentive policies.

When making recommendations, the Committee aims to design policies that attract and retain the executives needed to run the Company successfully and to motivate executives to pursue appropriate growth strategies while aligning shareholder return with remuneration.

Remuneration for senior executives typically comprises a package of fixed and performance based components. The Committee may, from time to time, seek advice from special remuneration consulting groups so as to ensure that the Board remains informed of market trends and practices.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Performance-related remuneration for key management during the 2017 financial year was tied to Company profitability.

Executives are also entitled to participate in the employee share and option arrangements.

The executive director and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in the year ended 30 June 2017, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is measured at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Rights are valued using the Black-Scholes or Binominal methodology where applicable.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share plan. Directors meet individually on a yearly basis with the chairman to discuss their performance.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including the particular experience of the individual concerned, and overall performance of the Company. The offers for employment between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

REMUNERATION REPORT - AUDITED (continued)

Key management personnel remuneration policy (continued)

Employment offers stipulate various notice periods. The Company may terminate an employment contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment as per relevant legislation. The employment conditions of the Managing Director, Mr Ankers and other key management personnel are formalised in offer letters of employment. All key management personnel are permanent employees of Energy One Limited. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Mr Ankers has a termination notice period of 12 months.

Non- executive directors are entitled to be paid fees and those fees will be as agreed or adjusted by them, from time to time.

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel. Other than options, share rights and bonuses, compensation is not related to performance. Bonuses are determined as a percentage of net profit before tax and such bonuses as determined by the Board and reviewed annually. Bonuses are paid in cash or sacrificed as additional superannuation contributions.

Directors and key management personnel remuneration

For the year ended 30 June 2017	**Short-Term Benefits**		**Post-Employment**		**Equity**	**Long Term Benefits**	**Total**
	Salary, comm-issions, fees $	Bonuses $	Super-annuation $	Term-ination $	Options & share rights $	Long service & annual leave $	$
Ottmar Weiss - Chairman	87,519	0	8,314	0	16,500	0	**112,333**
Shaun Ankers - CEO	303,556	49,631	19,487	0	22,617	12,814	**408,105**
Ian Ferrier - Director	45,662	0	4,338	0	8,250	0	**58,250**
Andrew Bonwick - Director	50,000	0	0	0	8,250	0	**58,250**
Vaughan Busby - Director	54,167	0	0	0	8,250	0	**62,417**
Richard Standen - CFO & Co Secretary	162,413	9,745	25,255	0	1,000	9,223	**207,636**
Dan Ayers - General Mgr Southern	221,074	30,000	33,802	0	1,000	2,535	**288,411**
	924,391	**89,376**	**91,196**	**0**	**65,868**	**24,572**	**1,195,402**

For the year ended 30 June 2016	**Short-Term Benefits**		**Post-Employment**		**Equity**	**Long Term Benefits**	**Total**
	Salary, comm-issions, fees $	Bonuses $	Super-annuation $	Term-ination $	Options & share rights $	Long service & annual leave $	$
Ottmar Weiss - Chairman	45,662	0	4,338	0	50,100	0	**100,100**
Shaun Ankers - CEO	299,850	62,935	19,308	0	35,479	2,404	**419,976**
Ian Ferrier - Director	22,831	0	2,169	0	25,050	0	**50,050**
Andrew Bonwick - Director	25,000	0	0	0	25,050	0	**50,050**
Vaughan Busby - Director	25,000	0	0	0	25,050	0	**50,050**
Richard Standen - CFO & Co Secretary	154,376	13,699	19,927	0	1,000	8,967	**197,969**
Dan Ayers - General Mgr Southern	171,257	10,000	31,155	0	1,000	13,019	**226,431**
	743,976	**86,634**	**76,897**	**0**	**162,729**	**24,390**	**1,094,626**

REMUNERATION REPORT - AUDITED (continued)

Share rights

Share Rights have been issued and approved by shareholders under the Energy One Equity Incentive Plan (EIP) which was approved at the 2014 AGM.

A share right is a right to receive one ordinary share in the Company at a point in the future subject to meeting specified time (service), and in the case of Shaun Ankers, service and performance (using a net profit after tax benchmark) and/or other conditions (collectively called 'vesting conditions'). If the applicable conditions for each employee or KMP are met, the share rights will vest and may be exercised by the holder of the right in return for an ordinary share in the Company. There are no financing arrangements in relation to the acquisition of service rights.

The share rights issued to Directors and key management personnel under the EIP (which was approved at the 2014 AGM) were:

Service & Performance Rights to Shaun Ankers, CEO under the long term incentive (LTI) program

Mr. Ankers' performance and remuneration arrangements have been reviewed under the Company's annual review process. That process has led to a recommendation to seek shareholder approval to grant Performance Rights under the Company's EIP.

The remuneration arrangements for Mr. Ankers are based on the Company's remuneration strategy. This strategy seeks to provide fair and appropriate rewards, comprised of fixed and 'at risk' elements, designed to attract, retain and motivate employees. These Performance Rights represent the majority of Mr. Ankers' 'at risk' remuneration.

The Remuneration Committee has set performance vesting conditions for the CEO as part of his remuneration package in accordance with the Company's long-term incentive scheme (LTIS). The conditions have been set in advance, taking into account expected earnings growth by the directors. These performance rights are 'at risk' and will be forfeited if the performance conditions are not achieved.

At the date of this report, the unissued ordinary shares of Energy One Limited under rights issued are as follows:

For the year ended 30 June 2017	Balance as at 01/07/16	Granted as remun-eration	Vesting of share rights	Expiring share rights	Balance as at 30/06/17	Fair value of vested shares ($)
Ottmar Weiss - Chairman	153,846		(153,846)	0	**0**	**49,231**
Shaun Ankers - CEO	333,333		0	(166,666)	**166,667**	**0**
Ian Ferrier - Director	76,923		(76,923)	0	**0**	**24,615**
Andrew Bonwick - Director	76,923		(76,923)	0	**0**	**24,615**
Vaughan Busby - Director	76,923		(76,923)	0	**0**	**24,615**
	717,948	**0**	**(384,615)**	**(166,666)**	**166,667**	**123,076**

REMUNERATION REPORT - AUDITED (continued)

Share rights (continued)

Share based payment expenses for the financial years :-	**2017**	2016	Fair Value
	$	$	$
150,000 share rights issued at fair value of 38.03c to Shaun Ankers 12/11/2014 vesting 18/11/2015	**0**	21,622	57,045
166,667 share rights issued at fair value of 38.02c to Shaun Ankers 12/11/2014 vesting 31/08/2015	**0**	13,409	63,367
166,667 share rights issued at fair value of 38.05c to Shaun Ankers 12/11/2014 vesting 31/08/2017 (performance condition not met for FY 2016 & rolled over to FY 2017)	**0**	(22,230)	63,417
166,666 share rights issued at fair value of 38.07c to Shaun Ankers 12/11/2014 vesting 31/08/2017	**22,617**	22,678	63,450
125,000 share rights issued at fair value of 38.03c to Ottmar Weiss 12/11/2014 vesting 10/11/2015	**0**	17,369	47,538
62,500 share rights issued at fair value of 38.03c to Ian Ferrier 12/11/2014 vesting 10/11/2015	**0**	8,685	23,769
62,500 share rights issued at fair value of 38.03c to Andrew Bonwick 12/11/2014 vesting 10/11/2015	**0**	8,685	23,769
62,500 share rights issued at fair value of 38.03c to Vaughan Busby 12/11/2014 vesting 10/11/2015	**0**	8,685	23,769
55,368 Exempt employee shares @ 32.5c issued 02/11/2015	**0**	17,995	17,995
153,846 share rights issued at fair value of 38.03c to Ottmar Weiss 02/11/2015 vesting 30/10/2016	**16,500**	32,730	49,231
76,923 share rights issued at fair value of 38.03c to Ian Ferrier 02/11/2015 vesting 30/10/2016	**8,250**	16,365	24,615
76,923 share rights issued at fair value of 38.03c to Andrew Bonwick 02/11/2015 vesting 30/10/2016	**8,250**	16,365	24,615
76,923 share rights issued at fair value of 38.03c to Vaughan Busby 02/11/2015 vesting 30/10/2016	**8,250**	16,365	24,615
33,878 Exempt employee shares @ 36c issued 02/11/2016	**13,996**	0	13,996
Total expense arising from EIP share based payments for the financial year	**77,863**	178,724	

No other rights have been granted, vested or expired in the previous financial year. There have been no rights issued since the reporting date. The expiry date for each right granted occurs one month after the vesting date, with the rights granted having an exercise price of $nil. For further information on share based payments refer Note 26 of the financial statements.

REMUNERATION REPORT - AUDITED (continued)

Shares held by key management personnel

The number of ordinary shares held by each key management personnel (or their related party) during the financial year is as follows :

For the year ended 30 June 2017	Balance as at 01/07/16	Granted as remun-eration	Vesting of share rights	On market purchases	Balance as at 30/06/17
Ottmar Weiss - Chairman	998,377	0	153,846	0	**1,152,223**
Shaun Ankers - CEO	403,667	0	0	0	**403,667**
Ian Ferrier - Director	6,554,662	0	76,923	0	**6,631,585**
Andrew Bonwick - Director	422,000	0	76,923	0	**498,923**
Vaughan Busby - Director	3,686,036	0	76,923	0	**3,762,959**
Richard Standen CFO & Company Secretary *	18,971	2,777	0	0	**21,748**
Dan Ayers - General Manager Southern *	105,528	2,777	0	0	**108,305**
	12,189,241	**5,554**	**384,615**	**0**	**12,579,410**

** Shares granted as remuneration were part of an employee exempt share issue at $1,000 per employee. The grant was not dependent on any specific performance metric and were discretionary based on the overall performance of the company. These were approved by the Remuneration Committee and the Board. These shares were granted on 2 November 2016, with no vesting conditions attached.*

The Company's performance and shareholder wealth for each of the last five years were

Please refer to the table on the first page of this Directors' report.

Other transactions with key management personnel

There were no other transactions with key management personnel.

End of audited remuneration report.

This report of the Directors, incorporating the remuneration report is signed in accordance with a resolution of the Board of Directors.

Ottmar Weiss
Chairman

Shaun Ankers
Managing Director

07 September 2017

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Australia

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF ENERGY ONE LIMITED

As lead auditor of Energy One Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy One Limited and the entities it controlled during the period.

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 7 September 2017

Consolidated Financial Statements
for the year ended 30 June 2017

Contents	**Page**

Consolidated Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June, 2017

	Note	Consolidated Group 2017 $	2016 $
Revenue and other income			
Revenue from continuing operations	2	**5,428,921**	4,583,415
Other income	2	**687,777**	583,704
		6,116,698	5,167,119
Expenses			
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)
		(5,366,731)	(4,243,561)
Profit before income tax		**749,967**	923,558
Income tax expense	4	**(442,641)**	(459,475)
Profit after income tax from continuing operations attributable to owners of the parent entity		**307,326**	464,083
Other comprehensive income		**0**	0
Total comprehensive profit attributable to members of the parent entity		**307,326**	464,083
Basic earnings per share (cents per share)	7	**1.63**	2.53
Diluted earnings per share (cents per share)	7	**1.62**	2.50

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

Consolidated Statement of Financial Position

as at 30 June, 2017

	Note	Consolidated Group 2017 $	2016 $
Current Assets			
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
Total Current Assets		**3,562,219**	4,387,186
Non-Current Assets			
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
Total non Current Assets		**9,613,542**	4,243,718
Total Assets		**13,175,761**	8,630,904
Current Liabilities			
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
Total Current Liabilities		**4,658,342**	2,058,779
Non-Current Liabilities			
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
Total Non Current Liabilities		**2,702,539**	1,257,236
Total Liabilities		**7,360,881**	3,316,015
Net Assets		**5,814,880**	5,314,889
Equity			
Contributed equity	18	**8,956,381**	8,519,309
Reserves	19	**59,608**	118,818
Accumulated losses		**(3,201,109)**	(3,323,238)
Total Equity		**5,814,880**	5,314,889

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

		Consolidated Group			
			Share Based		
		Contributed	Payments	Accumulated	
		Equity	Reserve	Losses	Total
	Note	$	$	$	$
Balance as at 1 July 2015		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
Balance at 30 June 2016		**8,519,309**	**118,818**	**(3,323,238)**	**5,314,889**
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)**
Balance at 30 June 2017		**8,956,381**	**59,608**	**(3,201,109)**	**5,814,880**

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 $
Cash Flows from Operating Activities			
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
Cash Flows from Investing Activities			
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)
Cash Flows from Financing Activities			
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
Net increase / (decrease) in cash held		**(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 7 September 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.

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.

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

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.

Note 3 Expenses

The consolidated income statement includes the following specific expenses :

		Consolidated Group	
	Note	**2017 $**	2016 $
Depreciation and amortisation			
Depreciation - Plant and equipment	11	**40,360**	35,534
Amortisation - Leasehold Improvements	11	**78,770**	52,673
Amortisation - Software development	12	**386,793**	252,409
Amortisation - Patents	13	**4,138**	1,956
Loss / (Gain) on Disposal - Plant & equipment	11	**2,833**	18,094
		512,894	360,666
Interest Expense		**3,699**	361
Employee benefit expenses			
Superannuation expense		**279,654**	249,365
Employee option / share plan benefits	26	**77,863**	178,724
Other employee benefits	(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

		Note	Consolidated Group 2017 $	2016 $
Note 4	**Income Tax Expenses**			
(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	2017 $	2016 $
		Consolidated Group	

Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO East Coast Partnership.

Fees paid or payable for audit services :-

	Note	2017 $	2016 $
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
		85,221	69,300

Note 6 Dividends

	Note	2017 $	2016 $
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

	Note	2017 $	2016 $
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

	Note	2017 $	2016 $
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.

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

	Note	2017 $	2016 $
Cash and Cash Equivalents & Restrictive Cash Deposits			
Cash and cash equivalents at end of financial year		**362,567**	2,227,869
Restrictive cash deposits held for bank guarantees:			
Other current assets	10	**110,326**	0
Other non-current assets	10	**220,653**	330,979
		693,546	2,558,848

	Note	2017 $	2016 $
Note 9 Trade & Other Receivables			
Current			
Trade receivables		**1,377,979**	812,145
Accrued income	(a)	**667,761**	472,006
R&D tax incentive	(b)	**810,409**	751,295
Other receivables		**11,055**	20,377
		2,867,204	2,055,823
Non current			
Accrued income	(a)	**426,757**	203,685

(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.

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.

			Past due but not impaired			
	Gross Amount	Within initial trade terms	31-60 days	61-90 days	>90 days	Past due and impaired
2017						
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**
Total	**3,293,961**	**3,112,285**	**140,357**	**33,888**	**7,431**	**0**
2016						
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
Total	2,259,508	2,016,134	237,470	1,100	4,804	0

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.

	Note	Consolidated Group 2017 $	2016 $
Note 10 Other Assets			
Current			
Restricted term deposit		**110,326**	0
Prepayments and deposits		**116,695**	103,494
		227,021	103,494
Non current			
Restricted term deposit		**220,653**	330,979
Other non current assets		**0**	2
		220,653	330,981

	Note	2017 $	2016 $
Note 11 Property, Plant and Equipment			
Plant and equipment at cost		**360,127**	295,510
Accumulated depreciation		**(202,352)**	(143,517)
		157,775	151,993
Leasehold improvements at cost		**403,110**	403,110
Accumulated depreciation		**(131,443)**	(52,673)
		271,667	350,437
Total property, plant and equipment		**429,442**	502,430
Movements in Carrying Amounts			
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		**429,442**	502,430

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.

	Note	2017 $	2016 $
		Consolidated Group	
Note 12 Software Development			
Software development - at cost		**8,987,189**	6,312,046
Software development - accumulated amortisation		**(4,325,595)**	(3,938,803)
		4,661,594	2,373,243
Movements in Carrying Amounts			
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		**4,661,594**	2,373,243

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 that 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.

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

	2017 $	2016 $
Note 13 Intangible Assets		
Patents and trademarks - at cost	**27,667**	26,808
Patents and trademarks - Accumulated amortisation	**(6,612)**	(2,474)
	21,055	24,334
Goodwill	**3,433,092**	617,107
Total Intangible Assets	**3,454,147**	641,441

Movements in Carrying Amounts	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	24,334	617,107	641,441
Additions	**859**	**2,815,985**	**2,816,844**
Amortisation	**(4,138)**	**0**	**(4,138)**
Balance as at 30 June 2017	**21,055**	**3,433,092**	**3,454,147**

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.

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	**$**	$
Note 14	**Trade and Other Payables**			
Current	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
			1,289,847	819,660
Non Current	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.

		Note	Consolidated Group 2017 $	2016 $
Note 15	**Borrowings**			
Current	Bank Overdraft		**105,427**	0
	Term Loan		**399,300**	0
	Total current borrowings		**504,727**	0
Non Current	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.

		2017 $	2016 $
Note 16	**Provisions**		
Current	Employee benefits	**248,539**	145,468
Non-Current	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.

		2017 $	2016 $
Note 17	**Deferred Revenue**		
Current	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
Non-Current	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.

Note 18 **Contributed Equity**	**2017 Number**	2016 Number	**2017 $**	2016 $
Issued capital at beginning of the financial period	**18,519,876**	17,835,341	**8,519,310**	8,262,059
Shares issued or under issue during the year -				
Shares Issued to employees	**38,878**	55,368	**13,996**	17,995
Shares issued as a result of the vesting of share rights	**384,615**	629,167	**123,075**	239,256
Shares issued on acquisition of Creative Analytics	**789,473**	0	**300,000**	0
Balance at the end of the financial year	**19,732,842**	18,519,876	**8,956,381**	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 19 **Reserves**	**Note**	**2017 $**	2016 $
Share based payment reserve			
Balance at the beginning of the financial year		**118,818**	274,925
Movement in share based payments		**(59,210)**	(156,107)
Balance at the end of the financial year		**59,608**	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.

	Note	Consolidated Group 2017 $	2016 $

Note 21 Commitments

Operating Lease Commitments

Non-cancellable operating leases (including tenancy leases) contracted for at the reporting date but not capitalised in the financial statements:

	2017 $	2016 $
within one year	**465,661**	377,542
later than one year but not later than five years	**1,061,580**	1,289,934
	1,527,241	1,667,476

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
Acquisition Price	**1,500,000**

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	1,037,901
Net Assets	**1,500,000**

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 *(sundry creditors and accruals note 14)*	150,000
Equity - 789,473 shares @ $0.38c	300,000
Acquisition Price	**3,000,000**

Fair value recognised on acquisition :-

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

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 2017**	**% Equity 2016**	**Investment $ 2017**	**Investment $ 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

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.

	Note	Consolidated Group 2017 $	Consolidated Group 2016 $
Remuneration of key management personnel :			
Short term employee benefits		**1,013,767**	830,611
Post employment benefits		**91,196**	76,897
Long term benefits		**24,572**	24,390
Share based payments		**65,868**	162,729
		1,195,403	1,094,627

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.

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.

		Consolidated Group	
		2017	2016
	Note	**$**	$
The Group holds the following financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements:			
Financial assets			
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
Financial liabilities			
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.

Note 27 Financial Risk Management (continued)

The interest rate risk is detailed in the tables below :

Consolidated entity 30 June 2017	**Weighted Avg Effective Interest rate %**	**Fixed Interest Rate $**	**Floating Interest Rate $**	**Non-Interest Bearing $**	**Total $**
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**
Consolidated entity 30 June 2016					
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.

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.

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		**77,863**	178,724

	2017	2016
Movements in share rights under the EIP for the financial year :	**No of rights**	No of rights
Balance at the being of the financial year	**717,949**	962,500
Rights granted	**0**	384,616
Rights vested and issued as ordinary shares	**(384,616)**	(629,167)
Balance at the end of the financial year	**333,333**	717,949
Average issue price in cents	**38.06**	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).

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.

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.

	Note	Consolidated Group 2017 $	2016 $
Current assets		**3,222,027**	4,387,186
Non current assets		**8,660,298**	4,243,718
Total Assets		**11,882,325**	8,630,904
Current liabilities		**3,433,957**	2,058,779
Non current liabilities		**2,694,770**	1,257,236
Total Liabilities		**6,128,727**	3,316,015
Net Assets		**5,753,598**	5,314,889
Issued capital		**8,956,381**	8,519,309
Reserves		**59,608**	118,818
Accumulated losses		**(3,262,391)**	(3,323,238)
Total Equity		**5,753,598**	5,314,889
Profit for the year of the parent entity		**246,045**	464,083
Total comprehensive income for the parent entity		**246,045**	464,083

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.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 19 to 43 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and

(b) the Chief Executive Officer and the Chief Financial Officer have declared that:

  (i) the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;

  (ii) the financial statements and notes for the financial year comply with Accounting Standards; and

  (iii) the financial statements and notes for the financial year give a true and fair view; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Ottmar Weiss	**Shaun Ankers**
Chairman	**Managing Director**

07 September 2017

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Energy One Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Energy One Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Accounting for the acquisitions of pypIT and Creative Analytics Pty Limited

Key audit matter	*How the matter was addressed in our audit*

As disclosed in note 22 to the financial statements, the Company acquired pypIT software business and Creative Analytics Pty Limited during the year.
The audit of the accounting for these acquisitions is considered a key audit matter due to the significant judgment and estimates involved in assessing the fair value of assets and liabilities acquired, particularly software development assets.
	Our audit procedures to address the key audit matter included the following:
	• Reviewing the purchase and sale agreements to understand the terms and conditions of the acquisitions including consideration payable and evaluating management's application of AASB 3 *Business Combinations;*
	• Comparing the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information of the acquired businesses;
	• Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired;
	• Assessed the identification of intangible assets acquired including software and customer contracts along with the valuation methodologies used to value those assets;
	• For the valuation of software development assets, we performed the following procedures assisted by our valuation specialists:
	  ▪ Challenged the associated underlying forecast cash flows and compared key assumptions, including forecast growth and royalty rates applied, the useful life of the assets and related attrition, by comparing them to historical results, business trends, economic and industry forecasts and comparable transactions;
	  ▪ Evaluated discount rates used by assessing the cost of capital relevant to the Group against market data and industry research; and
	  ▪ Checked the mathematical accuracy of the cash flow models.
	• Assessed the adequacy of the Group's disclosures relating to the acquisitions in accordance with accounting standards.

Recognition of revenue from licenses and related services

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 2, recognition of license and related services is determined as an area of key estimate and judgement on the basis of the following: 1. Management recognise revenue based on the best estimate of expected to be received for individual contracts; and 2. Related services are recognised by reference to the stage of completion of individual contracts and there is judgement associated with determined the stage of completion. Due to the nature of the key estimates and judgements, this has been determined as a key audit matter.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Reviewing the appropriateness of management's judgements associated with the fair value of consideration expected to be received by reference to the terms of the individual contract and the history of receipt for each individual customer; • Evaluating the accuracy of managements judgements associated with the stage of completion of individual contracts by testing the accuracy of assumptions in relation to services performed to date against the expected total services to be provided under the contact; and • Assessing the recognition of license fee revenue under individual contracts by reference to the assessment of transfer of risk and reward and the impact on related revenue recognition under AASB 118 *Revenue.*

Recoverability of software development assets and intangible assets

Key audit matter	*How the matter was addressed in our audit*
The Group has recognised software development assets, consisting of capitalised development costs, and Intangible Assets, consisting of goodwill and recognised patents, of $4,661,594 (refer to Note 12) and $3,454,147 (refer to Note 13) respectively. This was determined to be a key audit matter as the determination of the value-in-use of each cash generating unit (CGU) and whether or not an impairment charge is necessary, involved judgements by management about the future growth rates of the business in each CGU, discount rates applied to future cash flow forecasts for each CGU and sensitivities of inputs and assumptions used in the cash flow models.	Our audit procedures to address the key audit matter included the following: • Assessing the appropriateness of identified CGU's and the allocation of carrying value of assets to identified CGU's; • Obtaining the group's value in use model and reviewing consistency of the cash flows with historical trends, future budgets approved by management and those charged with governance and future contracted revenue; • Corroborating the assumptions for the key inputs in the value in use model such as forecast revenue, costs, discount rates and terminal growth rates; • Performing tests over the mathematical accuracy of the model and underlying calculations; • Performing a sensitivity analysis on the key financial assumptions in the models; For software development assets, we also performed the following specific tests: • Reviewing the reasonableness of the useful life of software development assets and checking the accuracy of amortisation expenses recognised during the period; and • Comparing trends in sales by product with the specific software development assets to ensure the assets capitalised were expected to generate future economic benefits to the Group.

Other information

The directors are responsible for the other information. The other information comprises the information in the Chairman's Report, Chief Executive Officer's Report, Director's Report (excluding the audited Remuneration Report), Shareholder Information and Corporate Information, for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report.

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.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Energy One Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 7 September 2017

Additional Securities Information

The additional information required by the ASX Limited Listing rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 August 2017.

The company is listed on the Australian Securities Exchange (ASX : EOL)

The total number of shareholders is 196. There are 19,899,509 ordinary fully shares listed on the Australian Securities Exchange. The twenty largest shareholders hold 16,768,585 ordinary shares and 84.27% of the Company's issued capital. The number of shareholdings held in less than marketable parcels is 8 representing 2,074 ordinary shares.

Distribution of Security Holders

	Ordinary Shares	
Holdings Ranges	**Holders**	**Number**
1 - 1,000	23	13,694
1,001 - 5,000	69	213,314
5,001 - 10,000	29	247,948
10,001 - 100,000	48	1,760,549
100,001 and over	27	17,664,004
Totals	196	19,899,509

Substantial Shareholders

The substantial shareholders are set out below :-	**Ordinary Shares**	**Percentage**
Mr Ian Ferrier	6,631,585	33.33%
Mr Vaughan Busby	3,762,959	18.91%
Mr Ottmar Weiss	1,152,223	5.79%
Mrs Emma Gracey	955,000	4.80%

Voting Rights

Ordinary Shares -

On a show of hands, 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.

Share Right

No voting rights.

Unquoted Securities

Share Right

There are no share rights on issue.

Additional Securities Information (continued)

Twenty Largest Shareholders - Ordinary Shares		Number Held	% of Issued Shares
1	Sonpine Pty Limited	5,824,665	29.27%
2	Mr Vaughan Busby	3,028,638	15.22%
3	Mrs Emma Jane Gracey	955,000	4.80%
4	Shuper SMSF Pty Limited	789,473	3.97%
5	Energy One Employee Option Plan Managers Pty Limited	699,680	3.52%
6	Rearden Group Pty Ltd	657,398	3.30%
7	Moat Investments Pty Ltd	648,511	3.26%
8	Polding Pty Ltd	533,797	2.68%
9	Abbysah Pty Limited	500,000	2.51%
10	Mr Ottmar Weiss	498,377	2.50%
11	Mast Financial Pty Ltd	491,821	2.47%
12	May James Consulting Pty Ltd	359,500	1.81%
13	Guerilla Nominees Pty Ltd	357,320	1.80%
14	Ms Leanne Mulcahy	275,712	1.39%
15	Jaalew Investments Pty Ltd	260,132	1.31%
16	Mr Craig Coleman & Mrs Phyllis Coleman	200,000	1.01%
17	Mr Benjamin Youngman Graham	200,000	1.01%
18	Mr Edward James Stephen Dally & Mrs Selina Dally	171,080	0.86%
19	HSBC Custody Nominees (Australia) Limited	163,635	0.82%
20	Ottmar Weiss	153,846	0.77%
		16,768,585	84.27%

Corporate Information

Energy One Limited Shares are listed on the Australian Stock Exchange (ASX) Code : EOL
ACN: 076 583 018
ABN: 37 076 583 018
www.energyone.com.au

Directors & Officers

Ottmar Weiss	Chairman
Ian Ferrier	Non - Executive Director
Andrew Bonwick	Non - Executive Director
Vaughan Busby	Non - Executive Director
Shaun Ankers	Chief Executive Officer
Richard Standen	Chief Financial Officer & Company Secretary

Corporate Governance Statement
http://www.energyone.com.au/ investors/governance/

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Auditors
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Level 31, 275 Kent Street
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