



ENERGY ONE LIMITED

ABN 37 076 583 018

APPENDIX 4D
for the half year ended
31 December 2017

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Reporting Period

Previous Reporting Period

Half year ended 31 December 2017

Half year ended 31 December 2016

Results for announcement to the market	31 Dec 2017	31 Dec 2016	Change
	\$	\$	%
Revenue and other income	5,018,011	2,864,459	75%
Earnings before interest, tax depreciation and amortisation *	1,335,602	650,378	105%
Profit before income tax	950,948	326,583	191%
Profit / (Loss) from ordinary activities after tax attributable to members	591,429	136,574	333%
Profit / (Loss) attributable to members	591,429	136,574	333%
Net tangible asset backing per ordinary share shown in cents **	13.35	18.17	-27%

* 31 December 2016 figure is before one off acquisition and related costs of \$127k (2017 : Nil)

** NTA includes software development used to generate income and excludes goodwill and deferred tax assets

Dividends	Amount Per Security	Franked Amount per security
Dividend for the year ending 30 June 2017 declared 22 August 2017 paid 27 October 2017	1.00 Cents	0.00 Cents

Commentary

Please refer to the attached CEO's commentary and financial report for the half year ended 31 December 2017 for further information.

Other information

Control gained over entities having a material effect	Acquired pypIT business effective 25 August 2016 Acquired Creative Analytics P/L 31 May 2017
Loss of control over entities having a material effect	N/A
Details of associates and joint venture entities	Please refer to the 30 June 2017 Annual Report for details.
Audit Status	This report is based on accounts that have been subject to a review.
Attachments	Additional disclosure can be found in the notes to the attached financial report.

Signed By :-



Shaun Ankers - Chief Executive Officer

23 February 2018

CEO's Commentary

for the half year ended 31 December 2017

We are pleased to report a marked increase in our operational result for the six months to 31 December 2017, achieved through growing our domestic business both organically and via acquisition, whilst also making progress with developing new business in off-shore markets.

Financial Performance

- Operating revenue and other income of \$5.02M is up 75% on the same period last year
- EBITDA of \$1.34M is up 105% on the same period last year.
- NPBT of \$0.95M is up 191% on prior corresponding period.

Operating revenue and other income were up 75% to \$5.02M over the prior corresponding period (pcp), assisted by half-year contributions of both the pypIT and Creative Analytics businesses. Furthermore, we grew our domestic business organically and benefitted from the completion of a medium-sized short term project.

The percentage of recurring revenue was maintained, despite a near doubling of total revenues (over pcp), and now account for 66% of operating revenues. Given the variable nature and timing of major project work the Company specifically targets recurring revenue from support and maintenance and ongoing licence fees. The recurring revenue target for FY18 is ~70%.

	For the 6 months period ending				
	31-12-15	30-06-16	31-12-16	30-06-17	31-12-17
Operating Revenue	\$2,403,742	\$2,179,672	\$2,527,610	\$2,901,311	\$4,698,555
Recurring revenue	\$1,351,365	\$1,394,067	\$1,456,958	\$1,893,750	\$3,121,429
% of Operating revenue	56%	64%	58%	65%	66%

EBITDA margin remains strong at 27%, assisted by the higher margins associated with recurring-type revenues and the Creative Analytics business contributes materially to this.

The Group continues to invest in building its capability, with operational headcount rising to around 45 people, going into H2. Employee costs were up 77% on the pcp as a result of this investment and acquisitions. We intend to continue to invest in both technical expertise and overseas development, in line with prior stated intentions, whilst also exercising prudence if projects are delayed.

Net profit before tax was up 191% on the pcp, again assisted by the notable increase in revenues arising from acquisitions. NPAT was also up at \$0.59M for the half.

Given this successful track record, the Company intends to continue to fund innovation and expansion while maintaining a stable domestic base. This includes new product development to meet market changes and to facilitate effective entry of our products into chosen overseas markets.

Domestic Operations

In the past 6 months, the Company has focussed on integrating the Creative Analytics acquisition, developing offshore opportunities and growing our domestic business.

During the half, we completed a medium sized project for a customer that resulted in a boost to project-type revenues. This project, involving the transition of ownership of a major generation asset, was completed successfully and seamlessly. Since we have customers on both sides of this transaction, we have also retained the account, going forward.

CEO's Commentary (continued)

Half year ended 31 December 2017

In addition, we completed an upgrade for a customer to the latest version of EnergyOffer, commenced projects using EnergyFlow for complex trade settlements and completed further enhancements for customers on our pypIT platform.

The acquisition of Creative Analytics is proceeding towards final, successful integration. The Creative Analytics team has won new customers for both SimEnergy and NemSight and we have been able to generate cross-promotional opportunities between the EOL and Creative product ranges. SimEnergy and NemSight continue to be very strong products in the marketplace and within our product suite. Furthermore, technical integration of back-end IT systems is well underway, enabling a smoother delivery experience for our team and for our customers.

Domestic Strategy & outlook

The Group's pipeline of opportunities entering the second half includes 1-2 major projects in procurement phase that will hopefully come to fruition throughout the calendar 2018 year. We have several smaller projects (upgrades, enhancements, new sales) in the pipeline for each of our main products. These opportunities can be directly attributed to the suite of products we now offer to the wholesale energy trading marketplace. Our customers recognise the synergistic benefits and flexibility that an integrated platform of discrete modules can offer. Whilst long sales lead times can be challenging we are confident in continuing to grow domestic business over time.

The Group will continue to develop our products and services to meet the demands of the domestic energy markets and to leverage our market leadership to win new business, and offer new products and services. In the short term, this is particularly true in the gas market, which is likely to experience major changes as regulatory changes affect the wholesale trading of gas. Our pypIT, NemSight and EnergyFlow products offer enhanced functionality to deal with these changes.

Battery power, embedded generation (PV) and demand-side technology are all key areas of focus for us in the near term. For example, NemSight released a new module during the half that captures analysis of solar PV production in the market and EnergyOffer is being enabled for battery installations as they become more popular.

Furthermore, noting the 5-minute electricity market coming to Australia in 2-3 years, we will (starting in FY19) invest in new product functionality to take advantage of this major market change. The Group is confident its market position will allow it to capitalise on regulatory changes in a way that gives us an advantage over our competition.

UK & Europe update

During the half, we continued to pursue market development opportunities into targeted overseas markets (principally UK and Europe). This is progressing well. We have already appointed a partner for the UK market and are in discussions with another partner for the German market. In the UK, we have won a customer for EnergyFlow with the UK arm of a multi-national energy company. EnergyFlow will be helping them to automate the management of complex, real-time energy transactions between two of the largest energy companies in the UK. This project is scheduled to go-live in early 2018. Our partner (Dunstan Thomas) undertakes the on-ground installation and first-line support with second-line support from EOL, thus removing the need for us to have a significant presence in-country.

CEO's Commentary (continued)

Half year ended 31 December 2017

On the back of recent progress, our joint team has also won a paid proof-of-concept project with another major UK/European energy utility. This trial will run in the first part of 2018 and we will be demonstrating how they can use EnergyFlow to automate various complex trading processes. This project further emphasises that EnergyFlow (in particular) has a role to play in offshore markets, as complex trading is a feature of every energy market.

The Group continues to entertain and develop partnership opportunities in other geographies within Europe, and including some initial explorations in the USA. As per our strategy, the Group intends to adopt a staged approach to expansion overseas, based on success triggers and whilst also maintaining a strong commitment to our domestic marketplace.

Having made 2 successful acquisitions in the past 16 months, Energy One also remains focussed on identifying appropriate, synergistic opportunities for further acquisitions, here and abroad. Opportunities are regularly canvassed and if appropriate and value-adding, are brought forward for review. Energy One remains open to capital raising via equity or other forms, as a means to fund such acquisitions.

Summary

We are pleased with the continual improvement in financial performance having achieved our 8th consecutive half-year in profit. We now hold strong positions in the physical and contract trading software for electricity and gas with more than 40% of domestic wholesale electricity and gas trading being facilitated using our software. We also remain committed to building on our existing product range, reputation and customer base to make EOL a one-stop shop for energy trading software and services in our target markets here and abroad.

Update on guidance

We note that our first half performance implies a stronger result than previous guidance (i.e. full year EBITDA of \$2.5M). Given the nature of our business, dependencies and project timings, the Group expects that full year performance will still be consistent with that guidance.

**Shaun Ankers - Chief Executive Officer**



ENERGY ONE LIMITED

ABN 37 076 583 018

**Financial Report
for the half year ended
31 December 2017**

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DIRECTORS' REPORT**for the half year ended 31 December 2017**

Your directors present their report on Energy One Limited ('the Company') and its controlled entity ('the Group') for the half-year ended 31 December 2017.

Directors

The names of directors who held office during or since the end of the half-year :

Ottmar Weiss – Chairman
Shaun Ankers – Chief Executive Officer
Ian Ferrier - Non-executive Director
Andrew Bonwick – Non-executive Director
Vaughan Busby – Non-executive Director

Principal Activities

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

Review of Results and Operations

The net profit for the Group for the half year before providing for income tax amounted to \$950,948 (31/12/2016: \$326,583). The net profit after tax for the Group for the half year amounted to \$591,429 (31/12/2016: \$136,574). Earnings before depreciation, amortisation and interest was \$1,335,602 (31/12/2016: \$650,378 excluding one off acquisition and related costs).

There were no material changes in the first half of FY18 however during FY17 the Company acquired the pypIT gas pipeline scheduling business and Creative Analytics P/L. This resulted in a decrease in cash held at 30 June 2017 and a decrease in net tangible assets per share due to acquired intangible goodwill in that comparative period. The Company has continued to invest in people and systems to ensure that Energy One maintains its position as the leader in information systems in the Australian energy trading and risk management (ETRM) market.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2017.



Shaun Ankers - Chief Executive Officer
23 February 2018



Ottmar Weiss - Chairman

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

As lead auditor for the review of Energy One Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 23 February 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the half year ended 31 December 2017

	Notes	31 Dec 2017	31 Dec 2016
		\$	\$
Revenue and other income			
Revenue	2	4,698,555	2,527,610
Other income	2	319,456	336,849
		5,018,011	2,864,459
Direct project costs		(89,704)	(33,828)
Employee benefits expense	3	(2,447,858)	(1,380,888)
Depreciation and amortisation expense	3	(368,751)	(234,221)
Rental expenses on operating leases	3	(121,426)	(102,432)
Consulting expenses		(348,122)	(177,527)
Insurance		(49,494)	(31,831)
Interest expense		(40,343)	(874)
Accounting fees		(50,799)	(42,935)
Acquisition and related expenses		0	(127,530)
Overseas marketing and research costs		(84,459)	(61,114)
Other expenses		(466,107)	(344,696)
		(4,067,063)	(2,537,876)
Profit before income tax		950,948	326,583
Income tax expense	4	(359,519)	(190,009)
Profit after income tax attributable to members		591,429	136,574
Other comprehensive income		0	0
Total comprehensive income		591,429	136,574
Total comprehensive income attributable to members		591,429	136,574
Earnings per share attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per weighted average number of shares)		2.95	0.72
Diluted earnings per share (cents per weighted average number of shares)		2.93	0.72

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	31 Dec 2017	30 Jun 2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	1,020,212	467,994
Trade and other receivables	6	2,533,638	2,867,204
Other current assets		161,704	227,021
Total Current Assets		3,715,554	3,562,219
Non-Current Assets			
Property, plant and equipment	7	418,811	429,442
Software development	8	4,806,310	4,661,594
Intangible assets	9	3,467,272	3,454,147
Trade and other receivables	6	409,600	426,757
Deferred tax asset		302,925	420,949
Other non current assets		220,653	220,653
Total Non-Current Assets		9,625,571	9,613,542
Total Assets		13,341,125	13,175,761
Liabilities			
Current Liabilities			
Trade and other payables		1,163,672	1,289,847
Borrowings		324,140	504,727
Income tax payable		795,716	588,156
Current deferred revenue	10	1,705,141	2,027,073
Current provisions		286,781	248,539
Total Current Liabilities		4,275,450	4,658,342
Non-Current Liabilities			
Trade and other payables		195,532	244,856
Borrowings		1,242,955	1,350,700
Non current deferred revenue	10	1,022,967	998,682
Non current provisions		118,926	108,301
Total Non-Current Liabilities		2,580,380	2,702,539
Total Liabilities		6,855,830	7,360,881
Net Assets		6,485,295	5,814,880
Equity			
Contributed equity	11	9,242,736	8,956,381
Reserves		51,238	59,608
Accumulated losses		(2,808,679)	(3,201,109)
TOTAL EQUITY		6,485,295	5,814,880

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2017

	Contributed Equity	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2016	8,519,309	118,818	(3,323,238)	5,314,889
Comprehensive profit for the half year :-				
Profit after income tax for the period	0	0	136,573	136,573
Other comprehensive income	0	0	0	0
	0	0	136,573	136,573
Transactions with owners in their capacity as owners :-				
Share Issues	137,071	(123,077)	0	13,994
Share based payment expense	0	4,259	0	4,259
Options lapsing	0	0	(185,197)	(185,197)
Balance at 31 December 2016	8,656,380	0	(3,371,862)	5,284,518
Balance at 1 July 2017	8,956,381	59,608	(3,201,109)	5,814,880
Comprehensive profit for the half year :-				
Profit after income tax for the period	0	0	591,429	591,429
Other comprehensive income	0	0	0	0
	0	0	591,429	591,429
Transactions with owners in their capacity as owners :-				
Share Issues	286,355	(63,450)	0	222,905
Share based payment expense	0	55,080	0	55,080
Dividends paid	0	0	(198,999)	(198,999)
Balance at 31 December 2017	9,242,736	51,238	(2,808,679)	6,485,295

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2017

	Notes	31 Dec 2017	31 Dec 2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,521,604	2,700,639
Payments to suppliers and employees		(4,264,990)	(2,652,333)
Interest received		6,140	23,865
Net cash provided by operating activities		1,262,753	72,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(18,965)	(1,549)
Payment for development costs of software		(447,855)	(458,245)
Receipt from restricted term deposit - Bank Guarantee		110,326	0
Payment for acquisition of business	12	(150,000)	(1,317,999)
Net cash used in investing activities		(506,493)	(1,777,793)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		152,107	137,073
Repayment of borrowings		(182,905)	0
Dividends paid		(67,817)	(182,130)
Net cash used in financing activities		(98,615)	(45,057)
Net increase / (decrease) in cash held		657,645	(1,750,679)
Cash at beginning of financial period	5	362,567	2,227,869
Cash at the end of the financial period	5	1,020,212	477,190

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

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2017

Note 1 Summary of significant accounting policies

These consolidated interim financial reports for the half-year reporting period ended 31 December 2017 have been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Energy One Limited and its subsidiaries ('the Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the corresponding interim reporting period unless otherwise stated.

New accounting policies not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Fund. The assessment of the impact of these new standards (to the extent relevant to the Group) and interpretations is set out below:

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted, the standard will not significantly affect the group's accounting for its financial assets.

The consolidated entity will adopt this standard from 1 July 2018. 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.

AASB 15 Revenue from Contracts from Customers establishes principles for recognising, measuring and disclosing the revenue that arises from an entity's contracts with customers. The standard is not applicable until 1 January 2018. There is likely to be changes to the amount or timing of revenue recognition where contracts extend over time, have variable considerations or have multiple elements.

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.

AASB 16 Accounting for Leases establishes a single lessee accounting model that eliminates the need to leases to be reclassified as operating or finance leases. The standard is not applicable until 1 January 2019.

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.

Further information on the application of Accounting Standards in future periods is contained in Note 1 of the Annual Financial Statements 2017 of the Group for year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	\$	\$
NOTE 2 Revenue and other income		
Sales revenue		
Licences and related services	4,698,555	2,527,610
Other income		
Interest income	24,440	38,830
Research & development incentive income	295,016	298,019
Total other income	319,456	336,849
Total revenue and other income	5,018,011	2,864,459

NOTE 3 Expenses

The consolidated statement of profit or loss includes the following specific expenses :-

Depreciation & amortisation		
Depreciation - Plant and equipment	28,983	19,066
Amortisation - Leasehold improvements	39,654	39,654
Amortisation - Software development and patents	300,114	176,068
Loss / (profit) on disposal - Plant and equipment	0	(567)
	368,751	234,221
Rental expense of operating lease		
Minimum lease payments	121,426	102,432
Employee benefits expense		
Superannuation expense	193,656	130,434
Employee option / share plan benefits	77,076	18,255
Other employee benefits	2,177,126	1,232,199
	2,447,858	1,380,888

NOTE 4 Income tax expense

Profit from ordinary activities before income tax expense	950,948	326,583
Tax effect of :-		
Tax at the Australian tax rate of 27.5% (2016: 30%)	(261,511)	(97,975)
Non-deductible expenses (excluding research and development)	(1,961)	(328)
Income tax expense before tax effect of R&D incentive and recognition of tax balances not previously recognised	(263,472)	(98,303)
Tax effect of R&D incentive *	(96,047)	(91,706)
Income tax expense for the period	(359,519)	(190,009)

* The Group accounts for R&D incentives as government grants under AASB 120, resulting in the incentive being recognised in the profit and loss (see Note 2 and 10) and the R&D expenditure treated as a non deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

	31 Dec 2017	30 Jun 2017
	\$	\$
NOTE 5 Cash and cash equivalents		
Cash at the end of the period as shown in the statement of cash flows reconciled to items in the balance sheet as follows :-		
Cash at bank and on hand	171,157	197,516
Short term bank deposits	849,055	270,478
	1,020,212	467,994
Bank overdraft	0	(105,427)
Cash and cash equivalents at the end of the financial period	1,020,212	362,567
Other current assets - restricted term deposit *	0	110,326
Other non-current assets - restricted term deposit *	220,653	220,653
Total cash and restricted term deposit	1,240,865	693,546
* At the reporting date, the Consolidated Group has deposits with banks that are used for restricted bank guarantees. These have been classified as Other Non-Current Assets in the consolidated statement of financial position as they have a term of more than 1 year.		
NOTE 6 Trade and other receivables		
Current		
Trade receivables	834,980	1,377,979
Accrued income	552,707	667,761
R&D tax incentive	1,141,381	810,409
Other receivables	4,570	11,055
	2,533,638	2,867,204
Non Current		
Accrued income	409,600	426,757
NOTE 7 Property, plant and equipment		
Plant and equipment - at cost	418,133	360,127
Plant and equipment - accumulated depreciation	(231,335)	(202,352)
	186,798	157,775
Leasehold improvements - at cost	403,110	403,110
Leasehold improvements - accumulated amortisation	(171,097)	(131,443)
	232,013	271,667
Total Property, plant and equipment	418,811	429,442
NOTE 8 Software Development		
Software development - at cost	9,429,820	8,987,189
Software development - accumulated amortisation	(4,623,510)	(4,325,595)
	4,806,310	4,661,594

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

	31 Dec 2017	30 Jun 2017
	\$	\$
NOTE 9 Intangible assets		
Patents and trademarks - at cost	32,891	27,667
Patents and trademarks - accumulated amortisation	(8,810)	(6,612)
	<u>24,081</u>	<u>21,055</u>
Goodwill	<u>3,443,191</u>	<u>3,433,092</u>
Total Intangible assets	<u>3,467,272</u>	<u>3,454,147</u>

NOTE 10 Deferred revenue

Current

Licences and related services received in advance	1,540,007	1,873,610
Unearned R&D Tax Incentive - Current	165,134	153,463
	<u>1,705,141</u>	<u>2,027,073</u>

Non-Current

Unearned R&D Tax Incentive - Non Current	1,022,967	998,682
	<u>1,022,967</u>	<u>998,682</u>

NOTE 11 Contributed Equity

Fully paid ordinary shares : 20,340,855 (19,732,842 : 30 Jun 2017)	<u>9,242,736</u>	<u>8,956,381</u>
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The Company issued shares under the Dividend Reinvestment Plan (DRP) and the underwritten shortfall :-

282,989 ordinary shares issued under the DRP on 27 October 2017 valued at \$139,891

123,443 ordinary shares issued under the DRP underwritten short fall on 2 November 2017 valued at \$61,018

The Company issued shares under the Energy One Equity Incentive Plan which was approved at the AGM on 16 October 2014 as follows :-

166,667 ordinary shares issued on vesting of share rights to the Chief Executive Officer on 31 August 2017 Valued at \$63,450

The Company issued shares under the Energy One Equity Incentive Plan which was approved at the AGM on 26 October 2017 as follows :-

34,914 Ordinary shares issued to employees on 3 November 2017 valued at \$21,996.

NOTE 12 Business Combinations*pypIT*

On 25 August 2016, the Company completed the acquisition of the pypIT business from Sydac Pty Limited for a total purchase consideration of \$1,500,00 comprising :-

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

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 comprising :-

Cash on acquisition	2,550,000
Cash paid on 28 September 2017	150,000
Equity - 789,473 shares @ \$0.38c	300,000
Acquisition price	<u>3,000,000</u>

Further information on business combinations is contained in Note 22 of the 2017 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

NOTE 13 Share based payments

The Company issued the following share rights on 3 November 2017 as approved at the AGM dated 26 October 2017 under the Energy One Executive incentive Plan which was also approved at the AGM on 26 October 2017 :-

253,341 Shares rights to Non Executive Directors vesting on service conditions 30 October 2018 issued at 62.02c
200,000 Shares rights to the Chief Executive Officer vesting on performance (FY18 KPI based) and service conditions between 31 August 2018 and 31 August 2020 issued at an average of 62.27c
389,854 Shares rights to the senior executive staff vesting on performance (FY18 KPI based) and service conditions between 31 August 2018 and 31 August 2020 issued at an average of 62.27c

The Company issued 34,914 shares at 63.0c on 3 November 2017 to employees under the Energy One Equity Incentive Plan which was approved at the AGM 26 October 2017.

There are 843,195 share rights outstanding as at 31 December 2017 as approved at the AGM dated 26 October 2017 under the Energy One Equity Incentive Plan also approved at the same AGM.

NOTE 14 Contingencies and commitments

The Group had no contingent liabilities or contingent assets as at 31 December 2017.

NOTE 15 Operating segments

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, being Australia. During the period ended 31 December 2017 the Group derived 53% (2016 : 78%) of revenue from three major customers to which it provided consulting and support and maintenance work. Management assesses the performance of the operating segment based on the accounting profit and loss.

NOTE 16 Events subsequent to reporting date

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 half year ended 31 December 2017.

Directors' Declaration

In the director's opinion:

- (a) the financial statements and notes set out on 9 to 16 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Shaun Ankers
Chief Executive Officer
23 February 2018



Ottmar Weiss
Chairman
23 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Energy One Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Energy One Limited, and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', written over the printed name.

Ian Hooper
Partner

Sydney, 23 February 2018