



2018

ANNUAL REPORT

Financial year ended 30 June 2018

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; and Creative Analytics P/L; 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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2018 Chairman's Report

Dear Shareholder,

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

In FY2018, Energy One began to see the benefits flowing from acquisitions made in prior years. Revenues (+62%) and underlying earnings (EBITDA) (+77%) both grew very strongly, as did net profit before tax which increased by 129% from 2017. Finally, completing this set of robust financial metrics, net profit after tax was also higher by 239% from the year prior to \$1.04M.

In addition to the strategic synergies flowing from recent acquisitions, they also improved free cash flow. During 2018 the Company fully repaid its debt facility and ended the year with \$0.728M cash on hand. I also highlight again the high proportion (80%) of recurring revenue streams earned by Energy One. More detail on the Company's operational performance can be found in the Chief Executive Officer's report.

Over the past few years, Energy One has pursued growth through both organic expansion and targeted acquisitions. During FY2018 management successfully integrated the two most recent acquisitions (Creative Analytics and pypIT). This integration process has provided valuable experience and insights which will prove valuable during similar exercises in the future. Business integration has also confirmed the internal leverage available as existing customers are introduced to new products and services. Whilst integration has proceeded as planned, both management and the Board have continued to focus on evaluating additional investment and acquisition opportunities. Importantly, the recent experience gained, when combined with the current capital structure, available debt facilities and stronger cash flows, affords the Company considerable financial capacity to continue pursuing further synergistic acquisition opportunities – if and when they should arise.

In addition to customers added from acquisitions, we continue to win new customers via organic growth. During the year, we grew to a customer base of 95 installations, across a range of segments from large blue-chip energy companies to smaller start-ups and innovative power generators. This growth has been accompanied by a steady increase in recurring revenues from licence, hosting and support activities, with that figure now comprising some 80% of operating revenue. Energy One is now an established and leading vendor of high-technology energy trading software to Australasia.

Looking forward, the domestic energy market will be undergoing significant change in the next 2-3 years, as regulatory adjustments to market structure (such as the 5-minute market and gas capacity trading) become reality. This regulatory tailwind is expected to present the Company with additional opportunities to help customers meet their upcoming challenges through provision of our current and new software solutions.

Furthermore, the Company continues to explore offshore markets for its products, with a first customer in the UK coming on-line and further, initially modest sales opportunities expected in the short to medium term.

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 \$0.02 per share in this reporting period. The ongoing payment of dividends will be regularly reviewed by the Board in the future.

Energy One's Board remains committed to improving the liquidity in the Company's traded shares on ASX. In this regard, I note the volume of shares traded on ASX during FY2018 did increase by 262% over FY2017 (value up 468%). The continued availability of the dividend reinvestment plan, in conjunction with the payment of an increased final dividend this year, is intended to provide a further 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 over both the short and long terms.

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 FY18 was another profitable year for Energy One, with Revenue up 62% on last year; EBITDA up 77% and net profit before tax up 129% over the prior year.

This result includes the two successful acquisitions made during FY17, with both businesses complementing our existing products and services. For the year, the combined Group net profit after tax (NPAT) was \$1,040,343, up 239% on the FY17 result.

The Company's net assets increased by \$1,279,234 compared to the prior year. As of 30 June 2018 the Group's cash position of \$727,856 has increased by \$365,289 from FY17, and debt has decreased \$1,749,879.

Both the pypIT and Creative Analytics acquisitions were successfully integrated into the broader business enhancing not only our product offerings and expertise but also our delivery performance. This was achieved without any significant disruption to the products or operations, and without the loss of customers. Furthermore, opportunities for synergistic growth are now being realised via our ability to offer broader combined solutions (cross-selling) to our customers.

The FY18 result is the outcome of our diversification strategy and innovation in prior years. It also favourably positions us to pursue opportunities both here and abroad – via both organic growth and strategic acquisitions.

Domestic Business Review and Outlook

Energy One offers specialist software and services to the highly complex energy trading market. We offer a range of product solutions within a 'suite' of products to meet the wide and varied needs of energy 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 FY19. During FY18, we acquired new customers. Our SimEnergy product has been of notable appeal to start-ups and new entrants in the energy market winning five new customers. We will continue to serve the rapidly changing market by providing software solutions to these new generators and retailers. The effects of cross-selling, upgrades and enhancements saw our installed customer base expand to over 95 installations during the year.

We experienced some churn during the year losing 4 customers. These losses all related to customers exiting the market and were minor installations, minimising their overall financial impact. At the small end of the market servicing start-ups we expect to experience similar ongoing churn. However project timings aside, we expect overall growth to exceed any churn, as it did this year.

We continue to make good progress winning large customers in our local market. At this time, the Company is confident of securing further medium to large, domestic ETRM projects in FY19, as well as some new smaller customers and ongoing work from existing customers.

Pleasingly over the last few years the company has managed to diversify not only its customer base but also its product range. At the smaller end of the market customers tend to be fast moving and less prone to procurement-related delays. This balances well with our larger, periodic projects allowing us to better manage and assign resources where required.

In FY18 80% of our revenue was recurring revenue. This is at the higher end of the range and we would typically expect going forward that 20-30% of revenue will be project related and subject to variables such as customer procurement, capex cycles and associated timing fluctuations. Project-related revenue should still be regarded as positive because it generates recurring revenue from license or support fees and typically comes from larger customers.

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 innovative solutions. Being able to deal with a single software vendor for trading, analytics and operations provides our customers with substantial productivity gains.

The energy market is changing rapidly through growth in new generation technology such as solar, battery storage and demand-side management. Our ability to adapt existing software will facilitate the accelerated market penetration of these new technologies.

Of note are the changes in the bulk gas market, with the impending move to a capacity trading mechanism in late 2018 (or possibly 2019). 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.

Furthermore, there are changes (foreshadowed for 2020) in the national electricity market, with the settlements period changing from the current 30-minute interval, to a more granular 5-minute interval. This change has been brought about by the need to incentivise investment and enable fast-start generation facilities such as large-scale battery storage. For all market participants, this means a 6-fold increase in the amount of trading data and complexity required to capture and settle contracts as well as trading in the physical spot market. EOL is well placed to provide solutions for customers and is already adapting the current software ahead of the change.

As reported last year, steady and continued migration towards hosted and software as-a-service type offerings continues, albeit slower at the large end of the market, where structural change is more complex. During the year, we completed a migration of a major customer over to a 'private cloud' deployment and we expect further migrations in the year ahead. 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 versus 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 continues to gain momentum in local markets, as customers see value in the opportunity to automate complex and time-consuming spreadsheets. In the past year, we undertook two projects for EnergyFlow and expect a similar outlook ahead as major energy companies continue to automate various aspects of their trading operations.

In addition, we expect to complete the two projects (highlighted earlier) for our large ETRM product, as well as winning new customers and upgrades for other packages. Projects for upgrades to the new 5-minute market will likely be forthcoming in 2019 or early 2020.

International business

In the year ahead, we plan to build upon the opportunities we have created both here and overseas. This means continuing to adapt and sell some products for overseas markets. This investment will see modest increase in headcount (currently ~45). 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)

Our Company is largely based around customers in Australia where we have the largest market share in ETRM systems. However, the Company has also recently acquired its first UK customer (a modest sale to a multi-national energy company) for our EnergyFlow product and is experiencing good interest, with proof-of-concepts and trials currently being performed. While this is promising it is still exploratory, and not financially material to the year ahead. Nonetheless, the EnergyFlow system has proved to be entirely appropriate to UK/EU markets and we anticipate further modest sales in the year ahead. 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 have a relationship with a German partner. Talks are underway with a potential partner in the U.S.A.

The Company will continue to make modest investments in overseas marketing (based upon tangible progress and an expectation of returns) principally via the use of partner networks. These channels may also be augmented by an acquisition of existing businesses in those geographies, where appropriate.

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 (and has a good springboard) to build upon its local achievements through potential expansion into other products and markets.

We are in our second year of consolidating our recent acquisitions and we are looking to further leveraging our wholesale suite of offerings and to take advantage of structural market changes that are occurring. In addition to this organic growth, the Company actively seeks strategic growth through acquisitions and other strategic relationships in local and overseas markets and an acquisition of a highly complementary business (domestic or abroad) is part of our strategy to expand our operations.

We expect our core business to deliver continued profitability on a business-as-usual basis leaving aside any changes related to additional project wins or strategic acquisitions that may be forthcoming.

In closing, 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

Your directors present their report on Energy one Limited (the Company) and its controlled entities (the Group) for the financial year ended 30 June 2018.

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 principal activities of the Group during the financial year.

Review of operations

Total revenue and other income for the year was \$9,926,946.

After costs the company produced an EBITDA of \$2,500,205 and a net profit before tax of \$1,718,412 (2017 : \$967,023*). The net profit after tax was \$1,040,343 (2017 : \$307,326).

The Company's net assets increased by \$1,279,234 compared to the prior year. As of 30 June 2018 the Group's cash position of \$727,856 has increased by \$365,289 from FY17, and debt has decreased \$1,749,879.

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

	2014	2015	2016	2017	2018
Revenue and other income	3,454,107	5,549,592	5,167,119	6,116,698	9,926,946
EBITDA *	822,996	1,359,137	1,176,607	1,414,847	2,500,205
Net profit / (loss) before tax *	337,605	836,875	923,558	967,023	1,718,412
Income Tax Expense	0	(149,513)	(459,475)	(442,641)	(678,069)
Net profit / (loss) after tax	337,605	687,362	464,083	307,326	1,040,343
Basic earnings per share (in cents)	1.90	3.86	2.53	1.63	5.16
Share Price	0.37	0.33	0.30	0.40	0.91

* Before one off acquisition and related costs

The Energy One Group, offers comprehensive and integrated software solutions for the trading of both physical and contract energy in Australia and New Zealand. With an established market presence, the Company continues to be a market leading provider of software and services to this sector of the market, with over 40% of the wholesale energy trading in Australia being conducted via EOL systems.

The Group continues investing in research and development and as such, expects to receive \$724,845 in R&D Tax incentives for FY 2018, partially offsetting the R&D costs incurred during the year.

Significant changes in state of affairs

There were no other significant changes in the state of affairs for the Company during the 2018 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 2018.

Future developments, prospects and business strategies

The Company has successfully pursued a strategy for growth that involves diversification of products, services and markets. The strategy targets both organic growth across its suite of products and services, the development of new and innovative products for new market segments - and via targetted acquisitions in domestic and overseas territories, as value-based opportunities arise.

Energy One's customers are producers, traders, retailers and users of energy. The suite of products has 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 focussed strongly on the local market, the Company is also seeking to make sales of its products and services to overseas markets. The UK and EU have been selected as targets for marketing using partners to provide local presence. During the year, we made our first sale to a UK-based multinational energy company. The Company also has further prospective customers in the European market and continues to actively market there, both directly and via development of a partner network.

Our products are generally available both as on-premise and as Software-as-a-Service (SaaS), taking advantage of the trend towards cloud and SaaS type offerings in the software industry. These types of deployments bring advantages both to the customer (in terms of reduced technological load and increased convenience) and for the Company (in terms of efficiencies in the build-and-deploy and maintenance of products).

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 merchant energy markets.
- IT and Database services and managed applications.
- Versatile deployment and licensing solutions.

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

EnergyFlow - Energy business process automation

The EnergyFlow platform is an innovative solution operating in a similar space to business process automation systems and Robotic Process Automation (RPA), with a particular focus on the data intensive applications found in the energy industry. EnergyFlow allows customers to automate their energy business operations - from logistics and nominations in energy, through specialist tasks such as environmental transactions, to settlements and position reporting. This platform enables businesses to make complex process flows automated, transparent and routine, eliminating unnecessary manual tasks, improving compliance and record-keeping and reducing paperwork.

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

Energy trading, data and reporting analytics are all-important in energy trading. Energy One offers 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.

Future developments, prospects and business strategies (continued)*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 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.

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.

Gas Transmission scheduling and billing (pypIT)

For bulk gas pipeline operators, 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 a leading platform, serving 40% of Australia's bulk gas transmission and used by several of Australia's blue-chip infrastructure companies.

Our expertise and flexible software allows the Company to develop products for associated markets and geographies. In the FY18 year, the Company continued to actively explore market opportunities in the UK, Europe and USA energy sectors. The Company won its first customer in the UK (for EnergyFlow) and conducted detailed proposals for other potential customers. We performed one paid proof-of-concept (PoC) for a large UK company during the year and we expect to commence other PoCs in the first half of FY19, again as part of ongoing marketing to promote the product in those markets.

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 2.0 cent (\$412,716) to be paid on 26 October 2018 in respect of the year ended 30 June 2018.

The Directors recommended the payment of a final ordinary unfranked dividend of 1.0 cent (\$198,995) which was 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); FCPA; CTA
Experience	Mr Weiss has over 30 years experience in finance, commercial property, banking, and risk management, as well as being a qualified accountant and registered Tax Agent. Previously, Mr Weiss worked at Macquarie Bank. Mr Weiss is also a director of a number of private companies.
Interest in Shares and rights	1,110,115 Ordinary Shares 91,203 Share Rights
Directorships held in other listed entities in the last 3 years	N/A
Shaun Ankers	Chief Executive Officer / Non-independent Director
Qualifications	BSc (Hons), GradDip Mgt
Experience	Mr Ankers has more than 25 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	592,500 Ordinary Shares 200,000 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 Rights	6,763,040 Ordinary Shares 50,668 Share Rights
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 (resigned Jul 2018)
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 Rights	444,015 Ordinary Shares 50,668 Share Rights
Directorships held in other listed entities in the last 3 years	N/A

Directors (continued)

Vaughan Busby	Non-independent Director
Qualifications	B.Pharm; MBA (IMD business School Switzerland)
Experience	Mr Busby is a director of Energy Queensland, Australia's largest energy company, and Chairman of Netlogix Australia Ltd. Previously Mr Busby was Chairman of Perth Energy and a Non Executive Director of Lumo Energy, Infratil Energy Australia, the Managing Director of HRL Morrison & Co Australia, the CEO of Energy One, and a Director of Ferrier Hodgson.
Interest in Shares and Rights	3,871,056 Ordinary Shares 60,802 Share Rights
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 was previously Managing Director of CFO consulting business aimed at a variety of business and industries. Mr Standen has over 30 years of senior finance and accounting experience.

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 2018, 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	8	2	2	1	1	2	2
Shaun Ankers	8	8	2	2	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	7	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 \$25,563 (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 2018:

Taxation and other services	\$21,705
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Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2018 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 2018 financial year was tied to Company profitability.

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

The managing director and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in the year ended 30 June 2018, and do not receive any other retirement benefits.

REMUNERATION REPORT - AUDITED (continued)

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 volume weighted average share price at grant date.

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. 50% of remuneration for non-executive directors is not linked to the performance of the Company and 50% in relation to share rights have continuous service obligations. 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 incentive plan.

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.

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 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 2018	Short-Term Benefits		Post-Employment		Equity	Long Term Benefits	Total
	Salary, commissions, fees \$	Bonuses \$	Super-annuation \$	Termination \$	Options & share rights \$	Long service & annual leave \$	\$
Ottmar Weiss - Chairman	54,795	0	5,205	0	37,398	0	97,398
Shaun Ankers - CEO	311,337	90,443	20,096	0	40,209	17,119	479,206
Ian Ferrier - Director	30,441	0	2,892	0	20,776	0	54,110
Andrew Bonwick - Director	33,333	0	0	0	20,776	0	54,109
Vaughan Busby - Director	40,000	0	0	0	24,932	0	64,932
Richard Standen - CFO & Co Secretary	198,197	8,593	19,445	0	15,714	16,143	258,092
Dan Ayers - General Mgr Southern	215,628	129,723	13,802	0	14,023	17,618	390,794
	883,731	228,759	61,441	0	173,829	50,881	1,398,640

REMUNERATION REPORT - AUDITED (continued)

For the year ended 30 June 2017	Short-Term Benefits		Post-Employment		Equity	Long Term Benefits	Total
	Salary, commissions, fees \$	Bonuses \$	Super-annuation \$	Termination \$	Options & share rights \$	Long service & annual leave \$	\$
Ottmar Weiss - Chairman	87,519	0	8,314	0	16,500	0	112,334
Shaun Ankers - CEO	303,556	49,631	19,487	0	22,617	12,814	408,104
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	207,637
Dan Ayers - General Mgr Southern	221,074	30,000	33,802	0	1,000	2,535	288,412
	924,392	89,376	91,196	0	65,869	24,572	1,195,405

Share rights

Share Rights have been issued and approved by shareholders under the Energy One Equity Incentive Plan (EIP) which was approved at the 2017 AGM on 26 October 2017.

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 2017 AGM) were:

Service & Performance Rights to Shaun Ankers, CEO; Richard Standen, CFO & Company Secretary; Dan Ayers, General Manager Southern and other senior managers under the long term incentive (LTI) program.

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

The remuneration arrangements 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 'at risk' remuneration; 50% have been achieved and 50% are forfeited.

The Remuneration Committee has set performance vesting conditions as part of the remuneration packages 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.

Service Rights to non-executive directors as part of their director fee package.

The non-executive directors receive a proportion of their director fees in the form of Service Rights under the EIP. The advantage to the Company is that the Service Rights represent a non-cash form of remuneration. Accordingly 253,341 Service Rights were granted to Messrs. Weiss, Bonwick, Busby and Ferrier.

REMUNERATION REPORT - AUDITED (continued)
Share rights (continued)

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 2018	Balance as at 01/07/17	Granted as remun- eration	Vesting of share rights	Expiring share rights	Balance as at 30/06/18	Fair value of vested shares (\$)
Ottmar Weiss - Chairman	0	91,203	0	0	91,203	0
Shaun Ankers - CEO	166,667	200,000	(166,667)	0	200,000	63,450
Ian Ferrier - Director	0	50,668	0	0	50,668	0
Andrew Bonwick - Director	0	50,668	0	0	50,668	0
Vaughan Busby - Director	0	60,802	0	0	60,802	0
Richard Standen - CFO & Co Secretary	0	80,923	0	0	80,923	0
Dan Ayers - General Mgr Southern	0	71,622	0	0	71,622	0
Other senior managers	0	237,309	0	0	237,309	0
	166,667	843,195	(166,667)	0	843,195	63,450

Share based payment expenses for the financial years :-

	2018	2017	Fair Value
	\$	\$	\$
166,667 share rights issued at fair value of 38.07c to Shaun Ankers 12/11/2014 vesting 31/08/2017	3,842	22,617	63,450
200,000 share rights issued at fair value of 62.27c to Shaun Ankers 03/11/2017 vesting 31/08/2018 to 31/08/2020	36,367	0	124,545
91,203 share rights issued at fair value of 62.02c to Ottmar Weiss 03/11/2017 vesting 31/10/2018	37,398	0	56,564
50,668 share rights issued at fair value of 62.02c to Ian Ferrier 03/11/2017 vesting 31/10/2018	20,776	0	31,424
50,668 share rights issued at fair value of 62.02c to Andrew Bonwick 03/11/2017 vesting 31/10/2018	20,776	0	31,424
60,802 share rights issued at fair value of 62.02c to Vaughan Busby 03/11/2017 vesting 31/10/2018	24,932	0	37,709
80,923 share rights issued at fair value of 62.27c to Richard Standen 03/11/2017 vesting 31/08/2018 to 31/08/2020	14,715	0	50,393
71,622 share rights issued at fair value of 62.27c to Dan Ayers 03/11/2017 vesting 31/10/2018	13,023	0	44,601
237,309 share rights issued at fair value of 62.27c to Senior Managers 03/11/2017 vesting 31/10/2018	43,152	0	147,778
153,846 share rights issued at fair value of 38.03c to Ottmar Weiss 02/11/2015 vesting 30/10/2016	0	16,500	49,231
76,923 share rights issued at fair value of 38.03c to Ian Ferrier 02/11/2015 vesting 30/10/2016	0	8,250	24,615
76,923 share rights issued at fair value of 38.03c to Andrew Bonwick 02/11/2015 vesting 30/10/2016	0	8,250	24,615
76,923 share rights issued at fair value of 38.03c to Vaughan Busby 02/11/2015 vesting 30/10/2016	0	8,250	24,615
33,878 Exempt employee shares @ 36c issued 02/11/2016	0	13,996	13,996
34,914 Exempt employee shares @ 63c issued 03/11/2017	21,996	0	21,996
Total expense arising from EIP share based payments for the financial year	214,981	77,863	

REMUNERATION REPORT - AUDITED (continued)**Share rights (continued)**

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. Subsequent to 30 June 2018, the Board have approved the vesting of 294,928 share rights and the lapsing of 294,926 share rights for Shaun Ankers, Richard Standen, Dan Ayers and senior managers effective 31 August 2018. For further information on share based payments refer Note 28 of the financial statements.

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 2018	Balance as at 01/07/17	Granted as remuneration	Vesting of share rights	Dividend Reinvestment Plan	On market purchases / (sales)	Balance as at 30/06/18
Ottmar Weiss - Chairman	1,152,223	0	0	23,309	(65,417)	1,110,115
Shaun Ankers - CEO	403,667	0	166,667	8,166	14,000	592,500
Ian Ferrier - Director	6,631,585	0	0	131,455	0	6,763,040
Andrew Bonwick - Director	498,923	0	0	10,092	(65,000)	444,015
Vaughan Busby - Director	3,762,959	0	0	76,126	31,971	3,871,056
Richard Standen CFO & Company Secretary *	21,748	1,587	0	118	(15,895)	7,558
Dan Ayers - General Manager Southern *	108,305	1,587	0	171	0	110,063
	12,579,410	3,174	166,667	249,437	(100,341)	12,898,347

* 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 3 November 2017, with no vesting conditions attached.

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

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 pursuant to section 298 (2)(a) of the Corporations Act 2001.



Ottmar Weiss
Chairman



Shaun Ankers
Managing Director

30 August 2018

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 2018, 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 year.



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 30 August 2018



Consolidated Financial Statements for the year ended 30 June 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June, 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
Revenue and other income			
Revenue	2	9,299,107	5,428,921
Other income	2	627,839	687,777
		<u>9,926,946</u>	<u>6,116,698</u>
Expenses			
Direct project costs		(257,392)	(58,866)
Employee benefits expense	3	(4,964,443)	(3,065,400)
Depreciation and amortisation expense	3	(772,052)	(512,894)
Rental expenses on operating leases		(262,780)	(214,667)
Consulting expenses		(612,721)	(401,570)
Insurance		(93,996)	(70,954)
Accounting fees		(92,955)	(77,971)
Finance costs	3	(54,398)	(3,699)
Acquisition and related expenses		0	(217,056)
Overseas marketing and research costs		(157,134)	(136,197)
Other expenses		(940,663)	(607,457)
		<u>(8,208,534)</u>	<u>(5,366,731)</u>
Profit before income tax		<u>1,718,412</u>	<u>749,967</u>
Income tax expense	4	(678,069)	(442,641)
Profit after income tax attributable to owners of the parent entity		<u>1,040,343</u>	<u>307,326</u>
Other comprehensive income		<u>0</u>	<u>0</u>
Total comprehensive profit attributable to members of the parent entity		<u>1,040,343</u>	<u>307,326</u>
Basic earnings per share (cents per share)	7	5.16	1.63
Diluted earnings per share (cents per share)	7	5.07	1.62

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 30 June, 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
Current Assets			
Cash and cash equivalents	8	727,856	362,567
Trade and other receivables	9	1,828,785	2,867,204
Other assets	10	176,650	227,021
Total Current Assets		2,733,291	3,456,792
Non-Current Assets			
Trade and other receivables	9	323,602	426,757
Property, plant and equipment	11	523,989	429,442
Software development	12	5,064,637	4,661,594
Intangible assets	13	3,474,742	3,454,147
Other assets	10	146,672	220,653
Deferred tax asset	4	597,271	420,949
Total non Current Assets		10,130,913	9,613,542
Total Assets		12,864,204	13,070,334
Current Liabilities			
Trade and other payables	14	1,034,650	1,289,847
Borrowings	15	121	399,300
Income tax payable		801,771	588,156
Deferred revenue	17	2,124,630	2,027,073
Provisions	16	363,380	248,539
Total Current Liabilities		4,324,552	4,552,915
Non-Current Liabilities			
Trade and other payables	14	211,474	244,856
Borrowings	15	0	1,350,700
Deferred revenue	17	1,113,215	998,682
Provisions	16	120,849	108,301
Total Non Current Liabilities		1,445,538	2,702,539
Total Liabilities		5,770,090	7,255,454
Net Assets		7,094,114	5,814,880
Equity			
Contributed equity	18	9,242,736	8,956,381
Reserves	19	211,139	59,608
Accumulated losses		(2,359,761)	(3,201,109)
Total Equity		7,094,114	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 year ended 30 June, 2018

	Note	Consolidated Group Share Based			Total \$
		Contributed Equity \$	Payments Reserve \$	Accumulated Losses \$	
Balance as at 1 July 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
Total comprehensive profit for the year		0	0	1,040,343	1,040,343
Transactions with owners in their capacity as owners:					
Share issues		200,909	0	0	200,909
Share based payments		21,996	214,981	0	236,976
Shares vesting		63,450	(63,450)	0	0
Dividends paid	6	0	0	(198,995)	(198,995)
Balance at 30 June 2018		9,242,736	211,139	(2,359,761)	7,094,114

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, 2018

		Consolidated Group	
		2018	2017
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from customers		11,399,384	5,528,031
Receipts of research and development incentives		814,771	751,291
Payments to suppliers and employees		(8,981,081)	(5,476,485)
Finance costs		(54,398)	(3,699)
Interest received		9,031	27,120
Net cash provided by operating activities	8	3,187,707	826,258
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	11	(155,567)	(10,859)
Proceeds from sale of fixed assets		0	3,400
Purchase of intangible assets - patents	13	(15,795)	(859)
Payments for software development costs	12	(1,019,776)	(983,015)
Payments for acquisitions of businesses	22	(150,000)	(3,867,999)
Cash obtained on acquisition of businesses		0	462,829
Net receipts from restricted term deposit - Bank Guarantee		184,308	0
Net cash used in investing activities		(1,156,829)	(4,396,503)
Cash Flows from Financing Activities			
Proceeds from borrowings		0	1,750,000
Repayment of borrowings		(1,749,879)	0
Receipts from share issues		152,107	137,073
Payment of dividend		(67,817)	(182,130)
Net cash provided by / (used in) financing activities		(1,665,589)	1,704,943
Net increase / (decrease) in cash held		365,289	(1,865,302)
Cash and cash equivalents at beginning of financial year		362,567	2,227,869
Cash and cash equivalents at end of financial year	8	727,856	362,567

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, 2018

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 (AASB) 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 17 August 2018. 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 2018 and the results of the subsidiary for the year then ended. Energy One Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the parent entity has control. The parent entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

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

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(d) Goods and services tax (GST)

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

Notes to the Financial Statements

for the year ended 30 June, 2018

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 2018. 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 assets 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 Group has both long term and short term trade receivables. When this standard is adopted, the Group's loss allowance on trade receivable should not increase due to the change to an expected credit loss method as there are no current provision for impairments recognised. 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 July 2018.

Notes to the Financial Statements

for the year ended 30 June, 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 assessment, license fee revenue will continue to be recognised over time as the customer reasonably expects that the Group will undertake activities that will improve or modify the licence over the term of the license period and that the customers benefit will be directly linked to the entities activities over this term. Support and maintenance services exist over the period of the license or term of the agreement and will be continued to be recognised over time.

In relation to project and implementation services, the customer is considered to control the asset being created or enhanced and the asset does not provide the customer with alternate use. This, combined with an enforceable right to payment for performance completed to date, results in the Group continuing to record revenue over time in accordance with the term of the implementation. This revenue will be continued to be recognised on a stage of completion basis in accordance with the judgements disclosed in Note 2.

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	
	2018 \$	2017 \$
Note 2 Revenue and Other Income		
<i>Revenue from continuing operations</i>		
Licences and related services	9,299,107	5,428,921
<i>Other income</i>		
Interest income	44,657	68,769
Research & development incentive income	583,182	615,608
Proceeds from sale of assets	0	3,400
	627,839	687,777
Total Revenue and other Income	9,926,946	6,116,698

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 2 Revenue and Other Income (continued)

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.

Key Estimates & Judgements - Revenue Recognition

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

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

Interest Income

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

Research & development incentive income

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

Key Estimates - Research and development tax incentive

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

		Consolidated Group	
		2018	2017
Note		\$	\$
Note 3 Expenses			
The consolidated income statement includes the following specific expenses :			
Depreciation and amortisation			
Depreciation - Plant and equipment	11	63,470	40,360
Amortisation - Leasehold improvements	11	86,047	78,770
Amortisation - Software development	12	616,733	386,793
Amortisation - Patents	13	5,299	4,138
Loss / (Gain) on Disposal - Plant & equipment	11	503	2,833
		772,052	512,894
Interest Expense		54,398	3,699

Notes to the Financial Statements

for the year ended 30 June, 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$

Note 3 Expenses (continued)

Employee benefit expenses			
Superannuation expense		394,597	279,654
Employee option / share plan benefits	28	236,976	77,863
Other employee benefits	(a)	4,332,870	2,707,883
		4,964,443	3,065,400

(a) of the total employee benefit expense, \$723,963 represent expenditures related to research and development activities (2017: \$768,077).

Note 4 Income Tax Expenses

(a)	The components of tax expense comprise:		
	Current tax	835,709	475,555
	Prior year tax adjustment	(7,629)	24,695
	Effect of change in tax rates from 30% to 27.5% on FY17 opening balances	0	(15,995)
	Deferred tax	(150,010)	(41,614)
	Income tax expense	678,069	442,641
(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% (2017: 27.5%)	472,563	206,241
	Add tax effect of Non-deductible expenses (excluding research & development)	(18,531)	17,123
	Income Tax expense before effect of R&D Incentive and prior period adjustment	454,032	223,364
	Tax effect of R&D incentive	231,665	210,577
	Prior year tax adjustment	(7,629)	24,695
	Effect of change in tax rates from 30% to 27.5% on opening balances	0	(15,995)
	Income tax attributable to entity	678,069	442,641
(c)	Net deferred tax asset :-		
	Opening balance	420,949	191,938
	Charged to income	150,010	(41,614)
	Acquisition	0	259,689
	Prior year tax adjustment	26,312	26,930
	Effect of change in tax rates from 30% to 27.5% on opening balances	0	(15,995)
	Closing balance net deferred tax asset	597,271	420,949

(d) The Group has no unrecognised accrued tax losses at 30 June 2018 (2017: \$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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 4 Income Tax Expenses (continued)

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.

	Consolidated Group	
	2018	2017
Note	\$	\$

Note 5 Auditor Remuneration

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

Fees paid or payable for audit services :-

Auditing and reviewing the financial reports	76,000	67,000
Fees paid or payable for other services :-		
Taxation services	14,270	9,550
Other services	7,435	8,671
	<u>97,705</u>	<u>85,221</u>

Note 6 Dividends

Dividends paid during the year

Franking account balance

198,995	185,199
<u>0</u>	<u>0</u>

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 (\$198,995). The record date for the dividend was 29 September 2017. The payment date for the dividend was 27 October 2017.

On 17 August 2018 the Company declared an unfranked dividend of 2 cents per ordinary share (\$412,716). The record date for the dividend is 28 September 2018. The payment date for the dividend is 26 October 2018.

Note 7 Earnings per Share

Basic EPS	0.0516	0.0163
Diluted EPS	0.0507	0.0162
Earnings used in calculating basic and diluted earnings per share	1,040,343	307,326
Weighted average number of ordinary shares used in calculating basic earnings per share	20,167,621	18,866,549
Weighted average number of options and share rights outstanding	338,679	156,709
Weighted average number of ordinary shares used in calculating diluted earnings per share	20,506,300	19,023,258

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 843,195 (2017 : 333,333) share rights outstanding at 30 June 2018. 294,926 share rights 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 or unlikely to be satisfied at year end (refer Note 28).

Notes to the Financial Statements

for the year ended 30 June, 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
Note 8 Cash and Cash Equivalents			
Cash at bank and on hand		727,856	457,607
Short term bank deposits		0	10,387
		727,856	467,994
Bank Overdraft	15	0	(105,427)
Cash and cash equivalents at end of financial year		727,856	362,567

The effective interest rate on short-term bank deposits for the year was 1.91% (2017: 1.88%); these deposits have an average maturity of 240 days. The weighted average effective interest on cash and cash equivalents was 0.51% (2017: 0.93%).

The company has a bank overdraft of \$250,000 of which Nil was drawn (2017: \$105,427) currently at an interest rate of 7.25% (2017: 7.26%). The Group's exposure to interest rate risk is discussed in Note 27.

Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit from ordinary activities after income tax		1,040,343	307,326
Non-cash flows in profit from ordinary activities :			
Depreciation and amortisation		772,052	512,894
Proceeds on sale of assets		0	(3,400)
Employee share rights		(151,531)	(59,210)
Employee benefits		(5,784)	0
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries :			
(Increase)/decrease in trade and other receivables		1,133,737	(714,060)
(Increase)/decrease in other assets		160,697	12,074
(Increase)/decrease in deferred tax assets		(176,322)	30,678
Increase/(decrease) in trade and other payables		(138,579)	160,980
Increase/(decrease) in income tax payable		213,615	1,343
Increase/(decrease) in provisions		127,389	61,575
Increase/(decrease) in deferred income		212,090	516,058
Net cash provided by operating activities		3,187,707	826,258

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

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

Cash and Cash Equivalents & Restrictive Cash Deposits

Cash and cash equivalents at end of financial year		727,856	362,567
Restrictive cash deposits held for bank guarantees :			
Other current assets	10	0	110,326
Other non-current assets	10	146,672	220,653
		874,528	693,546

Notes to the Financial Statements

for the year ended 30 June, 2018

		Consolidated Group	
		2018	2017
		\$	\$
Note			
Note 9	Trade & Other Receivables		
<i>Current</i>			
	Trade receivables	560,415	1,377,979
	Accrued income	(a) 542,651	667,761
	R&D tax incentive	(b) 724,845	810,409
	Other receivables	874	11,055
		1,828,785	2,867,204
<i>Non current</i>			
	Accrued income	(a) 323,602	426,757

(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.

(b) R&D Tax Incentive

The Company is expecting a research and development tax incentive of \$724,845 from the Australian Tax Office for FY18 for the R&D costs incurred in the 2018 financial year (2017: \$810,409). There are no unfulfilled conditions or other contingencies attaching to the tax incentive.

Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 27 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

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

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

	Gross Amount	Past due but not impaired				Past due and impaired
		Within initial trade terms	31-60 days	61-90 days	>90 days	
2018						
Trade receivables and accrued income	1,426,668	1,361,036	65,632	0	0	0
Other receivables	725,719	725,719	0	0	0	0
Total	2,152,387	2,086,755	65,632	0	0	0
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

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 9 Trade & Other Receivables (continued)

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 2018 (2017 : Nil).

	Note	Consolidated Group	
		2018	2017
		\$	\$
Note 10 Other Assets			
<i>Current</i>			
Restricted term deposit		0	110,326
Prepayments and deposits		176,650	116,695
		176,650	227,021
<i>Non current</i>			
Restricted term deposit		146,672	220,653
		146,672	220,653
Note 11 Property, Plant and Equipment			
Plant and equipment at cost		500,844	360,127
Accumulated depreciation		(265,207)	(202,352)
		235,637	157,775
Leasehold improvements at cost		505,842	403,110
Accumulated depreciation		(217,490)	(131,443)
		288,352	271,667
Total property, plant and equipment		523,989	429,442
<i>Movements in Carrying Amounts</i>			
Opening balance		429,442	502,430
Additions - at cost		244,566	10,859
Additions - acquisition		0	38,118
Disposals	3	(503)	(2,833)
Depreciation & amortisation expense	3	(149,517)	(119,132)
Closing balance		523,989	429,442

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 11 Property, Plant and Equipment (continued)

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	Consolidated Group	
	2018	2017
	\$	\$
Software development - at cost	10,006,964	8,987,189
Software development - accumulated amortisation	(4,942,327)	(4,325,595)
	<u>5,064,637</u>	<u>4,661,594</u>
Opening balance	4,661,594	2,373,243
Additions - at cost	1,019,776	983,015
Additions - acquisition	0	1,692,129
Amortisation	(616,733)	(386,793)
Balance as at 30 June 2018	<u>5,064,637</u>	<u>4,661,594</u>

Movements in Carrying Amounts

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

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

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

Notes to the Financial Statements

for the year ended 30 June, 2018

	Consolidated Group	
	2018	2017
Note	\$	\$
Note 13 Intangible Assets		
Patents and trademarks - at cost	43,462	27,667
Patents and trademarks - Accumulated amortisation	(11,911)	(6,612)
	31,551	21,055
Goodwill	3,443,191	3,433,092
Total Intangible Assets	3,474,742	3,454,147
<i>Movements in Carrying Amounts</i>		
	Patents \$	Goodwill \$ Total \$
Balance as at 1 July 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
Additions	15,795	10,099 25,894
Amortisation	(5,299)	0 (5,299)
Balance as at 30 June 2018	31,551	3,443,191 3,474,742

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.

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 10.31% (2017: 11.59%) 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.

Notes to the Financial Statements

for the year ended 30 June, 2018

		Consolidated Group	
		2018	2017
	Note	\$	\$
Note 14	Trade and Other Payables		
<i>Current</i>	Trade payables	223,191	410,206
	GST payable	177,991	185,775
	Sundry creditors and accruals	523,476	597,999
	Lease Incentive	109,992	95,867
		<u>1,034,650</u>	<u>1,289,847</u>
<i>Non Current</i>	Lease incentive	211,474	244,856

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 15	Borrowings		
<i>Current</i>	Bank Overdraft	0	105,427
	Term Loan	121	399,300
	Total current borrowings	<u>121</u>	<u>504,727</u>
<i>Non Current</i>	Term Loan	0	1,350,700

The company has a bank overdraft of \$250,000 of which \$Nil was drawn at balance date (2017: \$105,427). The overdraft facility attracts an interest rate at 7.25% (2017: 7.26%).

Commencing 28 May 2017, the Company had 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 4.42% (2017: 4.26%). The funds provided from this term loan were used in the acquisition of Creative Analytics Pty Limited. The loan has been paid down to \$121 with \$1,388,924 available for redraw.

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.

Note 16	Provisions		
<i>Current</i>	Employee benefits	363,380	248,539
<i>Non-Current</i>	Employee benefits	120,849	108,301

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 Group 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 \$61,475 (2017 : \$108,301).

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

		Consolidated Group	
		2018	2017
		\$	\$
Note			
Note 17	Deferred Revenue		
<i>Current</i>	Licences and related services received in advance	1,939,675	1,873,610
	Unearned R&D Tax Incentive	184,955	153,463
		2,124,630	2,027,073
<i>Non-Current</i>	Unearned R&D Tax Incentive	1,113,215	998,682

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

		2018	2017	2018	2017
		Number	Number	\$	\$
Note 18	Contributed Equity				
	Issued capital at beginning of the financial period	19,732,842	18,519,876	8,956,381	8,519,310
	Shares issued or under issue during the year -				
	Shares Issued to employees	34,914	38,878	21,997	13,996
	Shares issued as a result of the vesting of share rights	166,667	384,615	63,450	123,075
	Shares issued on acquisition of Creative Analytics	0	789,473	0	300,000
	Shares issued on dividend reinvestment plan	406,432	0	200,908	0
	Balance at the end of the financial year	20,340,855	19,732,842	9,242,736	8,956,381

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 Group'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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note	Consolidated Group	
	2018	2017
	\$	\$
Note 19 Reserves		
<i>Share based payment reserve</i>		
Balance at the beginning of the financial year	59,608	118,818
Movement in share based payments	151,531	(59,210)
Balance at the end of the financial year	211,139	59,608

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 a volume weight average share price five days prior to the date 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 2018.

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:

within one year	530,167	465,661
later than one year but not later than five years	1,074,443	1,061,580
	1,604,610	1,527,241

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 22 Business combinations (continued)

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.

Consideration on acquisition :-

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

Fair value recognised on acquisition :-

Software development - at valuation	316,621
Contracts acquired	145,478
Goodwill on acquisition	1,037,901
Net Assets	<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.

Consideration on acquisition :-

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

Fair value recognised on acquisition :-

Current Assets	<u>663,017</u>
Non Current Assets	
Property, plant and equipment	38,119
Software development - at valuation	1,375,508
Deferred tax asset	259,689
Goodwill on acquisition	1,778,081
	<u>3,451,398</u>
Total Assets	<u>4,114,415</u>
Current Liabilities	<u>1,088,917</u>
Non current Liabilities	<u>25,498</u>
Total Liabilities	<u>1,114,415</u>
Net Assets	<u>3,000,000</u>

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 2018 the Group derived 52% (2017 : 74%) 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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 24 Subsequent Events

No matter or circumstance has arisen since 30 June 2018 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

Note 25	Controlled Entities	Country of Incorporation	% Equity		Investment \$	
			2018	2017	2018	2017
	<i>Ultimate Parent Company</i>					
	Energy One Limited	Australia				
	<i>Controlled Entity</i>					
	Energy One Employee Option Plan Managers Pty	Australia	100%	100%	2	2
	Creative Analytics Pty Limited	Australia	100%	100%	3,000,000	3,000,000
						Consolidated Group
						2018
						2017
						Note
						\$
						\$

Note 26 Related Party Transactions

Key management personnel

Details regarding key management personnel, their positions, shares, rights, and options holdings are details in the remuneration report within the Directors' Report contained in the 2018 Annual Report.

Remuneration of key management personnel :

Short term employee benefits	1,112,489	1,013,767
Post employment benefits	61,441	91,196
Long term benefits	50,881	24,572
Share based payments	173,829	65,868
	1,398,640	1,195,403

Mr Vaughan Busby - Director

Mr Busby is a non-executive Director of Energy One Limited and Energy Queensland Limited. Ergon Energy Queensland Pty Ltd is a wholly owned subsidiary of Energy Queensland Limited and is 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.

Notes to the Financial Statements

for the year ended 30 June, 2018

		Consolidated Group	
		2018	2017
	Note	\$	\$
Note 27 Financial Risk Management (continued)			
The Group holds the following financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements:			
<i>Financial assets</i>			
Cash and cash equivalents	8	727,856	362,567
Trade and other receivables	9	1,828,785	2,867,204
Deposit with bank for bank guarantee – due within 12 months	8	0	110,326
Due within 12 months		2,556,641	3,340,097
Deposit with bank for bank guarantee – due after 12 months	8	146,672	220,653
<i>Financial liabilities</i>			
Trade and other payables - due within 12 months	14	(1,034,650)	(1,289,847)
Borrowings - due with 12 months	15	(121)	(504,727)
Due within 12 months		(1,034,771)	(1,794,574)
Trade and other payables - due after 12 months	14	(211,474)	(244,856)
Borrowings - due after 12 months	15	0	(1,350,700)
Due after 12 months		(211,474)	(1,595,556)
Net assets		1,457,068	170,620

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 2018 approximately 17% (2017 : 49%) 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. The interest rate risk is detailed in the tables below :

	Weighted Avg Effective Interest rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
<i>Consolidated entity 30 June 2018</i>					
Financial Assets :					
Cash and cash equivalents	0.51%	0	727,856	0	727,856
Receivables	0.00%	0	0	1,828,785	1,828,785
Deposit for bank guarantee	1.91%	146,672	0	0	146,672
Total financial assets		146,672	727,856	1,828,785	2,703,313
Financial Liabilities :					
Borrowings and payables - due within 12 months	0.00%	0	121	1,034,650	1,034,771
Borrowings and payables - due after 12 months	0.00%	0	0	211,474	211,474
Total financial liabilities		0	121	1,246,124	1,246,245
<i>Consolidated entity 30 June 2017</i>					
Financial Assets :					
Cash and cash equivalents	0.93%	10,387	457,607	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
		231,040	457,607	2,867,204	3,555,851
Financial Liabilities :					
Borrowings and payables - due within 12 months	1.37%	0	504,727	1,289,847	1,794,574
Borrowings and payables - due after 12 months	3.61%	0	1,350,700	244,856	1,595,556
		0	1,855,427	1,534,703	3,390,130

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 27 Financial Risk Management (continued)

Foreign exchange risk

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

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 2018, 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	
		2018	2017
	Note	\$	\$
Change in profit	Increase in interest rate by 1%	(7,436)	(179)
	Decrease in interest rate by 1%	7,436	179
Change in equity	Increase in interest rate by 1%	(7,436)	(179)
	Decrease in interest rate by 1%	7,436	179

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.

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

Note 27 Financial Risk Management (continued)

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.

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.

Notes to the Financial Statements

for the year ended 30 June, 2018

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, and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value of shares is measured at grant date. The fair value of share rights is determined by using a volume weight average share price five days prior to the date the instruments were granted.

The following share-based payment arrangements existed at 30 June 2018:

Equity Incentive Plan

The Equity Incentive Plan (EIP) was established on 31 October 2014 and ratified on 26 October 2017. 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	
	2018	2017
Note	\$	\$
Total expense arising from EIP share based payments for the financial year	236,976	77,863
	2018	2017
	No of rights	No of rights
Movements in share rights under the EIP for the financial year :		
Balance at the being of the financial year	333,333	717,949
Rights granted	843,195	0
Rights lapsing	(166,666)	0
Rights vested and issued as ordinary shares	(166,667)	(384,616)
Balance at the end of the financial year	843,195	333,333
Average issue price in cents	49.43	38.16

166,667 share rights vested during the year ended 30 June 2018 (384,616 : 2017) and 166,666 share rights lapsed (0 : 2017). 843,195 share rights were issued during the year ended 30 June 2018. The weighted average share price at the date of issue was 62.22c. The exercise price is \$nil (2017: Nil). The weighted average share price during the financial year was

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.92 years (2017: 0.17 years).

Subsequent to 30 June 2018, of the outstanding share rights at 30 June 2018, the Board have approved the vesting of 294,928 share rights and the lapsing of 294,926 share rights effective 31 August 2018.

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 a volume weight average share price five days prior to the date 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.

Notes to the Financial Statements

for the year ended 30 June, 2018

	Consolidated Group	
	2018	2017
Note	\$	\$
Note 29 Parent Entity Disclosures		
The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.		
Current assets	2,561,183	2,893,529
Non current assets	7,987,256	8,883,370
Total Assets	10,548,439	11,776,899
Current liabilities	2,693,583	3,328,530
Non current liabilities	1,376,118	2,694,770
Total Liabilities	4,069,701	6,023,300
Net Assets	6,478,738	5,753,599
Issued capital	9,242,736	8,956,382
Reserves	211,139	59,608
Accumulated losses	(2,975,137)	(3,262,391)
Total Equity	6,478,738	5,753,599
Profit before income tax	925,580	665,435
Income Tax Expense	(439,330)	(419,392)
Profit for the year of the parent entity	486,250	246,043
Total comprehensive income for the parent entity	486,250	246,043

The Parent has deposits with banks that are used for bank guarantees of \$110,326 (2017: \$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 2018 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
Chairman



Shaun Ankers
Managing Director

30 August 2018

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 2018, 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 2018 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.

Recognition of revenue from licenses and related services

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 2, recognition of revenue from license and related services is determined as an area of key estimate and judgement on the basis of the following:</p> <ul style="list-style-type: none"> • Management recognise revenue based on the best estimate of expected to be received for individual contracts. • 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. <p>Due to the nature of the key estimates and judgements, this has been determined as a key audit matter.</p>	<p>Our audit procedures to address the key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • 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. • 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 <i>Revenue</i>.

Recoverability of software development assets and intangible assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has recognised software development assets, consisting of capitalised development costs, and intangible assets, consisting of goodwill and recognised patents, of \$5,064,637 (refer to Note 12) and \$3,474,742 (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 regarding 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.</p>	<p>Our audit procedures to address the key audit matter included the following:</p> <ul style="list-style-type: none"> • 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 model. <p>For software development assets, we also performed the following specific tests:</p> <ul style="list-style-type: none"> • Reviewing the reasonableness of the useful life of software development assets and checking the accuracy of amortisation expenses recognised during the period. • 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 2018, 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 2018.

In our opinion, the Remuneration Report of Energy One Limited, for the year ended 30 June 2018, 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

A handwritten signature in black ink, appearing to read 'Ian Hooper', with a stylized flourish at the end.

Ian Hooper
Partner

Sydney, 30 August 2018

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 23 August 2018.

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

The total number of shareholders is 219. There are 20,340,855 ordinary fully shares listed on the Australian Securities Exchange. The twenty largest shareholders hold 17,034,387 ordinary shares and 83.74% of the Company's issued capital. The number of shareholdings held in less than marketable parcels is 11 representing 1,234 ordinary shares.

Distribution of Security Holders

Holdings Ranges	Ordinary Shares	
	Holders	Number
1 - 1,000	29	15,080
1,001 - 5,000	82	240,058
5,001 - 10,000	29	245,385
10,001 - 100,000	52	1,851,240
100,001 and over	27	17,989,092
Totals	219	20,340,855

Substantial Shareholders

The substantial shareholders are set out below :-	Ordinary	
	Shares	Percentage
Mr Ian Ferrier	6,763,040	33.25%
Mr Vaughan Busby	3,871,056	19.03%
Mr Ottmar Weiss	1,110,115	5.46%
Mrs Emma Gracey	955,000	4.69%

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 843,195 share rights unvested at 23 August 2018.

Additional Securities Information (continued)

Twenty Largest Shareholders - Ordinary Shares		Number Held	% of Issued Shares
1	Sonpine Pty Limited	5,942,501	29.21%
2	Mr Vaughan Busby	3,168,388	15.58%
3	Mrs Emma Jane Gracey	955,000	4.69%
4	Shuper SMSF Pty Limited	797,938	3.92%
5	Rearden Group Pty Ltd	702,668	3.45%
6	Moat Investments Pty Ltd <Moat Investment A/C>	648,511	3.19%
7	Mr Ottmar Weiss	600,000	2.95%
8	Polding Pty Ltd	544,596	2.68%
9	Abbysah Pty Limited	510,115	2.51%
10	Mast Financial Pty Ltd	501,770	2.47%
11	Energy One Employee Option Plan Managers Pty Limited	388,393	1.91%
12	May James Consulting Pty Ltd	366,772	1.80%
13	Guerilla Nominees Pty Ltd	364,548	1.79%
14	Ms Leanne Mulcahy	275,712	1.36%
15	Jaalew Investments Pty Ltd	265,132	1.30%
16	Gliocas Investments Pty Ltd	221,863	1.09%
17	ADC (Investing) Pty Ltd	209,400	1.03%
18	Mr Craig Coleman & Mrs Phyllis Coleman	200,000	0.98%
19	Mr Benjamin Youngman Graham	200,000	0.98%
20	Mr Edward James Stephen Dally & Mrs Selina Dally	171,080	0.84%
		17,034,387	83.74%

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/>

Offices

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Adelaide Office

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Share registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW 2000

Auditors

BDO East Coast Partnership
Level 11, 1 Margaret St
Sydney, NSW 2000

Solicitors

Gilbert & Tobin
Level 35, Tower 2
Barangaroo Avenue
Barangaroo, NSW 2000

Bankers

Westpac Banking Corporation
Level 31, 275 Kent Street
Sydney, NSW 2000



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