LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

Appendix 4E Preliminary Final Report under ASX Listing Rule 4.3A

Year ended 30 June 2018

Current year	1 July 2017 to 30 June 2018
Previous corresponding year	1 July 2016 to 30 June 2017

Results for announcement to the market

	30 June 2018 $	30 June 2017 $	% change
Revenue from ordinary activities	20,153,430	10,261,154	96.4%
Profit/(loss) from ordinary activities after tax attributable to members	(1,431,303)	(15,873,697)	91.0%
Net profit/(loss) from ordinary activities after tax attributable to members	(1,431,246)	(15,873,697)	91.0%
Final & interim dividend	Nil	Nil	-

Brief explanation of revenue and results

The 2018 June financial year results saw a rise in both revenue and costs, with trading margins of 24.5% achieved. This represents an increase of 7.3% from the previous year. This is due in part to further stabilisation of the wholesale energy market in Queensland.

The consistent increase in energy under management at an average increase of approximately 8.49GWh per month has resulted in energy under management of 204.73GWh which is an increase of 91.1% over the previous year. This volume uptake is tracking marginally higher than projected due to LPE's new product offerings being made available to customers both inside and out of embedded networks. Management expect this trend in growth to be maintained.

The Company undertook a substantial investment in new and future product offerings with direct market products as well as an expansion of its embedded network services. The Company was also fortunate enough to transition significant consulting skillsets to full time positions creating internal operating capacity to manage future growth.

Operating costs have risen in line with the scale of growth, with most of the increase due to our direct market customer facing service requirements. There is also a transition period of one off higher costs due to the transition of those consultants to full time internal staff.

Amortisation costs have increased over the previous year which are directly related to the capital expenditure attributed to the installation of embedded network and metering.

Statement of Comprehensive Income and accompanying notes

Refer to the Financial Statements attached

Statement of Financial Position and accompanying notes

Refer to the Financial Statements attached

Statement of Cash Flows and accompanying notes

Refer to the Financial Statements attached

Statement of Changes in Equity

Refer to the Financial Statements attached

Dividend payments	Nil
Dividend reinvestment plan	Nil

	2018 $	2017 $	% change
Net tangible asset per security	0.0004	0.0015	74.28%

Entities over which the group gained control over the year

Locality Embedded Networks Pty Ltd, incorporated 3rd August 2017.

Details of interests in associates and joint ventures

Nil

Any other significant information

N/A

Returns to shareholders

There have been no buybacks or distributions to shareholders.

Significant features of operating performance

Refer above

Results of Segments

All of the Group's operations are within the energy retail sector in Australia

Trends in performance

The consistent increase in energy under management at an average increase of approximately 8.49GWh per month has resulted in energy under management of 204.73GWh which is an increase of 91.1% over the previous year. This volume uptake is tracking marginally higher than projected due to LPE's new product offerings being made available to customers both inside and out of embedded networks. Management expect this trend in growth to be maintained.

Any other factors affecting performance

Refer above

The accounts are in the process of being audited

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Revenue			
Electricity Sales	5	**20,153,430**	**10,261,154**
Less cost of goods sold			
Energy usage charges		(7,499,849)	(3,596,925)
Network charges		(5,773,809)	(4,021,783)
Other COGS		(1,935,702)	(881,835)
Total cost of goods sold		**(15,209,360)**	**(8,500,543)**
Gain from trading		**4,944,070**	**1,760,611**
Other Income			
Interest received	5	8,553	44,333
Other receipts	5	18,919	49,079
Other expenses			
Bad and doubtful debts		(121,964)	(79,187)
Interest expense		(156,048)	(117,774)
Depreciation and amortisation		(905,818)	(392,899)
Employee costs		(3,038,296)	(2,449,914)
Gain/(loss) on disposal of assets		(5,768)	(5,463)
Other expenses		(1,366,909)	(809,859)
Professional costs		(808,045)	(503,046)
Share-based payments	14	0	(13,369,577)
Loss from continuted operation		**(1,431,303)**	**(15,873,697)**
Loss before income taxes		**(1,431,303)**	**(15,873,697)**
Income tax benefit/(expense)	6	0	0
Net loss for the period		**(1,431,303)**	**(15,873,697)**
Other comprehensive income		0	0
Other comprehensive income net of tax		0	0
Total comprehensive loss for the year		**(1,431,303)**	**(15,873,697)**
Basic/diluted earnings/(loss) per share (dollars per share)	16	**(0.0006)**	**(0.0089)**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjuntion with the Notes to the Financial Statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	21	1,364,363	3,977,705
Trade and other receivables	7	2,386,669	1,872,142
Other current assets	8	180,390	91,862
Total current assets		**3,931,422**	**5,941,709**
Non-current assets			
Plant and equipment	9	534,396	528,777
Leasehold improvements	10	407,925	459,050
Intangibles	11	5,027,448	3,576,211
Total non-current assets		**5,969,769**	**4,564,038**
TOTAL ASSETS		**9,901,191**	**10,505,747**
Current liabilities			
Trade and other payables		2,317,759	1,586,117
GST payable		4,247	0
Employee entitlements - leave provisions		180,862	158,649
Borrowings	12	1,283,857	45,524
Total current liabilities		**3,786,724**	**1,790,290**
Non-current liabilities			
Employee entitlements - leave provisions		21,769	0
Borrowings	12	67,220	1,258,677
Total non-current liabilities		**88,989**	**1,258,677**
TOTAL LIABILITIES		**3,875,713**	**3,048,967**
Net assets		**6,025,477**	**7,456,780**
Equity			
Issued capital	13	39,064,880	39,064,880
Reserves	15	0	125,000
Accumulated losses		(33,039,402)	(31,733,100)
Total equity		**6,025,477**	**7,456,780**

The Consolidated Statement of Financial Position should be read in conjuntion with the Notes to the Financial Statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		19,665,182	10,248,163
Payments to suppliers and employees		(19,859,994)	(12,235,782)
Interest received		18,211	34,675
Interest paid		(156,048)	(104,237)
Net cash provided by/(used in) operating activities	21	**(332,649)**	**(2,057,181)**
Cash flows from investing activities			
Payment for plant and equipment		(215,871)	(337,491)
Payment for leasehold improvements		(22,533)	(459,175)
Payment for intangibles		(2,095,529)	(2,646,911)
Proceeds from sale of assets		31,364	60,909
Net cash provided by/(used in) investing activities		**(2,302,569)**	**(3,382,668)**
Cash flows from financing activities			
Proceeds from issues of shares		0	5,683,200
Financing costs paid		(25,000)	0
Proceeds from loans		98,181	1,150,000
Repayment of loans		(51,305)	(47,154)
Net cash provided by/(used in) financing activities		**21,876**	**6,786,046**
Net increase/(decrease) in cash and cash equivalents		(2,613,341)	1,346,197
Cash and cash equivalents opening balance		3,977,704	2,631,507
Cash and cash equivalents closing balance	21	**1,364,363**	**3,977,704**

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued capital $	Options reserve $	Accumulated losses $	Totals $
Balance at 1 July 2016	**14,584,862**	**6,535,990**	**(16,843,152)**	**4,277,700**
Profit/(Loss) after income tax	0	0	(15,873,697)	(15,873,697)
Share based payments	0	13,369,577	0	13,369,577
Shares issued during the year	5,683,200	0	0	5,683,200
Expired options	0	(983,749)	983,749	0
Options converted	18,796,818	(18,796,818)	0	0
Balance at 30 June 2017	**39,064,880**	**125,000**	**(31,733,100)**	**7,456,780**
Balance at 1 July 2017	39,064,880	125,000	(31,733,100)	7,456,780
Profit/(Loss) after income tax	0	0	(1,431,302)	(1,431,302)
Expired options	0	(125,000)	125,000	0
Balance at 30 June 2018	**39,064,880**	**0**	**(33,039,402)**	**6,025,478**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements

1 REPORTING ENTITY

The financial statements of Locality Planning Energy Holdings Limited ("the Company") for the year ended 30 June 2018 covers the Consolidated Entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled from time to time throughout the year ("the Group" or "Consolidated Entity") as required by the Corporations Act 2001. Locality Planning Energy Holdings Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars, which is the functional currency.

The address of the Group's registered office and principal place of business is Suite 306, Tower One, 55 Plaza Parade, Maroochydore, QLD, 4558.

2 BASIS OF PREPARATION

A. Statement of compliance

The Financial Report has been prepared in accordance with requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

This report is to be read in conjunction with any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

B. Basis of measurement

The financial statements have been prepared on the historical cost basis.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of other assets and financial assets. This assessment includes the recoverable amount of the intangible assets, which comprise the cost of securing a contract to supply electricity to a strata title property, plus the cost of establishing the metering infrastructure at that site. These costs are amortised over the life of the contract, which is generally 5 or 10 years. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

2 BASIS OF PREPARATION (Cont'd)

D. Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group has incurred a net loss after tax for the year ended 30 June 2018 of $1,431,303 and a net cash outflow from operations of $332,649. At 30 June 2018, the Group's current assets exceeded its current liabilities by $144,698.

The Company has prepared budgets based on its current growth plans and is examining funding opportunities to fund this growth. This includes long term funding.

The consolidated entity has sufficient net working capital to maintain continuity of normal business activity and pay its debts as and when they fall due.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Group.

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of Locality Planning Energy Holdings Limited and its subsidiaries for the year ended 30 June 2018 ("the Group"). Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

B. Income Tax

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised. To the extent that any rebates are received from Government taxation authorities, they are recognised in profit or loss as an income tax benefit.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on either a straight line basis or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate & Method
Plant and equipment	10-50% per annum straight line or diminishing value
Motor Vehicles	25% per annum, diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

D. Intangible assets

Intangible assets include the cost of securing a contract to supply electricity to a strata title property, plus the cost of establishing the metering infrastructure at that site. These costs are then amortised over the life of the contract, which is generally 5 or 10 years.

E. Leasehold Improvements

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

F. Trade and other payables

Trade and other payables represent liablities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Impairment of Financial Assets

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one of more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired finanical assets is reduced directly if no impairment amount was previously recognised in the allowance amount.

H. Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

I. Share-based payments

The Consolidated Entity may make share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

J. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

K. Revenue

Revenue is measured at the fair value of the consideration received or receivable, less any trade or volume discounts. Interest revenue is recognised using the effective interest rates applicable to the financial assets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Revenue from rendering of services is measured by reference to the stage of completion of the service provided.

All revenue is stated net of the amount of goods and services tax (GST).

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

M. Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

N. Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

O. Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Consolidated Entity are classified as finance leases. Currently there are no leases classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Financial Instruments

Recognition
Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
These financial assets consist of trade and other receivables, which are measured at cost less any accumulated impairment losses. There is no significant concentration of credit risk.

Financial Assets at fair value through profit or loss
Financial assets are valued at ‘fair value through profit or loss’ when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Held-to-maturity investments
These investments have fixed maturities, and it is the Group’s intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity, except where losses are considered to be prolonged and extensive, in which case such losses are recognised in profit or loss.

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

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges. At present, the Group does not have any derivative instruments.

Fair Value
Fair value is determined based on current bid prices for all quoted investments.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement profit and loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Long-term employee benefits are only recognised to the extent that it is considered probable that employees will reach the eligible service period.

R. New Accounting Standards issued but not yet applicable

There are a number of new accounting standards and interpretations that have been issued that do not take effect in the current accounting period, but will impact future accounting periods. Management has decided against early adoption of any of these standards.

AASB 16 Leases
This standard removes the distinction between operating and financing leases for lessees as previously defined by AASB 117 Leases. Instead, an entity recognises a 'right-of-use' asset for all leases entered into, along with corresponding lease liabilities for the discounted value of future payments due under the lease, subject to various adjustments.

Management expects this standard to have some impact on the financial statements as it is currently party to a number of operating leases that are not in the Statement of Financial Position.

Had all of the leases in place at 30 June 2018 been accounted for in accordance with AASB 117, management believes there would have been an additional right-to-use asset and corresponding liability of approximately $450,000 in addition to the existing finance lease liability.
This standard takes effect for reporting periods beginning on or after 1 January 2019.

AASB 9 Financial Instruments
This standard makes changes to naming conventions of financial assets and to conditions required to apply hedge accounting. In addition, the standard introduces an 'expected credit losses' model for assessing impairment of financial assets.
Management has not yet conducted a detailed analysis of receivables using the expected credit losses model, however management does not expect the model would result in any substantial changes to the existing provision for impairment of receivables. This standard takes effect for reporting periods beginning on or after 1 January 2018.
In addition, there are changes to the recognition criteria for hedging relationships. This would not have impacted the financial report as at 30 June 2018, but management is likely to consider hedging arrangements in the future and will be mindful of the new requirements. It is not possible to quantify the impact of such arrangements at this time as the exact timing and extent is unknown.

AASB 15 Revenue from Contracts with Customers
This standard introduces a new 5-step process for recognition of revenue which involves identifying the 'performance obligations' (also known as the 'promises' made to customers) in the contracts with customers, and then determining how and when those 'promises' have been fulfilled.
Management will review contracts with customers and formulate a policy for identifying promises and when they are fulfilled. Management expects to do this in the next 12-18 months, however preliminary expectations are that the fulfilment of promises will likely result in a similar result to the current approach of recognising revenue in accordance with the 'percentage completion' method applied under AASB 118.
This standard takes effect for reporting periods beginning on or after 1 January 2018.

4 SEGMENT REPORTING

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment.

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
5 REVENUE AND OTHER INCOME		
Electricity sales	20,153,430	10,261,154
Interest revenue	8,553	44,333
Other receipts	18,919	49,079
Total revenue and other income	20,180,903	10,354,566

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
6 INCOME TAX		
Components of tax expense/(benefit) comprise:		
Current tax	0	0
Prior year tax	0	0
Deferred tax	0	0
Income Tax Expense/(Benefit)	0	0
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from operations before tax for the year	(1,431,303)	(15,873,697)
The prima facie income tax benefit on loss before income tax at a tax rate of 27.5% (2017: 27.5%)	(393,608)	(4,365,267)
Tax effect amounts which are not (deductable)/taxable in calculating taxable income:	3,923	3,681,073
Deferred tax asset not brought to account	389,685	684,194
Total income tax benefit	(0)	0
Net unrecognised deferred tax assets		
Net Deductable temporary differences	(16,879)	76,904
Unused tax losses	2,101,863	1,575,104
Net unrecognised deferred tax aset	2,084,984	1,652,008

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.
The consolidated entity has no franking credits

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
7 TRADE & OTHER RECEIVABLES		
Trade receivables	2,386,669	1,768,273
Other receivables	0	28,109
GST receivable	0	75,760
	2,386,669	**1,872,142**

Current trade receivables are interest bearing and are generally receivable within 14 days. A provision for impairment is recognised against sales where there is objective evidence that an individuall trade receivable is impaired.

	Gross Amount	Past due and impaired	Past due but not impaired Days (overdue)		
			<30 $	31-45 $	>45 $
2018					
Trade Receivables	2,392,096	5,426	224,605	24,385	83,771
Less provisions for impairement	(5,426)				
Other receivables	0				
Total	2,386,669	5,426	224,605	24,385	83,771
2017					
Trade Receivables	1,797,927	29,654	99,910	26,824	161,303
Less provisions for impairement	(29,654)				
Other receivables	103,869				
Total	1,872,142	29,654	99,910	26,824	161,303

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The >45 day amount is subject to contractual arrangements

Collateral held as security
No collateral is held as security for any of the trade and other receivable balances.

Collateral pledged
No collateral has been pledged for any of the trade and other receivable balances.

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
8 OTHER CURRENT ASSETS		
Bond paid	2,943	2,943
Deposits paid	0	10,000
Prepayments	170,919	78,920
Prepaid financing costs	0	0
Employee Loans	3,190	0
Inventory	3,338	0
	180,390	**91,862**
9 PLANT & EQUIPMENT		
Plant & equipment at cost	640,668	448,606
Accumulated depreciation	(200,048)	(84,840)
	440,620	**363,766**
Motor vehicles at cost	174,036	228,047
Accumulated depreciation	(80,260)	(63,036)
	93,776	165,011
	534,396	**528,777**

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year

	2018	2017
Plant and equipment		
Balance at the beginning of the year	363,766	112,825
Additions	195,958	301,605
Depreciation	(117,032)	(50,664)
Write off plant and equipment	(2,071)	0
Balance at the end of the year	440,620	363,766
Motor Vehicles		
Balance at the beginning of the year	165,011	164,357
Additions	0	60,786
Disposals	(35,423)	(5,464)
Depreciation	(35,812)	(54,668)
Balance at the end of the year	93,776	165,011

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
10 LEASEHOLD IMPROVEMENTS		
Leasehold improvements at cost	481,708	473,405
Accumulated depreciation	(73,783)	(14,354)
	407,925	**459,050**

Reconciliation

Reconciliations of the carrying amount of leasehold improvements between the beginning and the end of the financial year

Leashold improvements		
Balance at the beginning of the year	459,050	0
Additions	8,303	473,405
Depreciation	(59,429)	(14,354)
Balance at the end of the year	407,925	459,050

11 INTANGIBLES		
Intangibles at cost - site conversion costs	6,069,729	3,926,791
Accumulated amortisation	(1,042,281)	(350,580)
	5,027,448	**3,576,211**

Reconciliation

Reconciliations of the carrying amount of site conversion costs between the beginning and the end of the financial year

Site Conversion Costs		
Balance at the beginning of the year	3,576,212	1,280,690
Additions	2,164,590	2,568,733
Amortisation	(693,545)	(273,211)
Write off intangibles	(19,809)	0
Balance at the end of the year	5,027,448	3,576,212

12 BORROWINGS		
Current		
Site conversion loans	45,524	45,524
Insurance financing	88,333	0
Owing to related parties	1,150,000	0
	1,283,857	**45,524**
Non-current		
Site conversion loans	67,220	108,677
Owing to related parties	0	1,150,000
	67,220	**1,258,677**

13 ISSUED CAPITAL

(a) Issued and paid up capital

	2018 Number	2017 Number
Ordinary shares fully paid no par value	**2,510,536,385**	**2,510,536,385**

(b) Movement in ordinary shares on issue

	Number	$
Balance at 30 June 2017	**2,510,536,385**	**39,064,880**
Conversion of performance shares to ordinary shares	0	0
Institutional placement	0	0
Exercise of options	0	0
Balance at 30 June 2018	2,510,536,385	39,064,880

Ordinary shares
Ordinary shares entitle the holder to paricipate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

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.

Ordinarly shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back
There is no current on-market share buy-back.

(c) Share options

At the end end of the period, there were NIL options over unissued shares.

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

In common with many other newly listed companies, the parent raises finance for the consolidated entity's working capital and asset development activities.

The consolidated entity is not subject to externally imposed capital requirements.

14 SHARE-BASED PAYMENTS

There were NIL share-based payments during the year.

15 RESERVES

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
Options reserve		
Opening balance	125,000	6,535,990
Options vested	0	13,369,577
Expired options	(125,000)	-983,750
Options converted to ordinary shares	0	-18,796,817
Closing balance	0	125,000

The option reserve account is to account for outstanding share options issued as a result of share based payments.

16 EARNINGS PER SHARE

	2018 Number	2017 Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**2,510,536,385**	**1,786,258,101**
	$	**$**
Net loss after tax used in calculating basic earnings per share	(1,431,303)	15,873,697
Net loss after tax used in calculating diluted earnings per share	(1,431,303)	(15,873,697)
Basic/diluted earnings/(loss) per share (dollars per share)	-0.0006	-0.0089

17 CONTROLLED ENTITIES

Investment in controlled entities	**Country of incorporation**	**Class of shares**	**% of ownership 2018**	**% of ownership 2017**
Locality Planning Energy Pty Ltd	Australia	Ord	100%	100%
Locality Embedded Networks Pty Ltd	Australia	Ord	100%	N/A

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
18 LEASE COMMITMENTS		
Total operating lease payments		
Within 1 year	200,680	178,708
1 to 5 years	299,902	508,250
Total	500,582	686,958
Total finance lease payments		
Within 1 year	58,930	58,933
1 to 5 years	70,031	127,252
Total	128,961	186,185
Less Future interest charges	(16,218)	(31,983)
Total	112,744	154,202
Reconciliation to lease liabilities		
Current - Note 12	45,524	45,524
Non-current - Note 12	67,220	108,677
Total	112,744	154,201

19 CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements. (2017:nil)

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
20 RELATED PARTIES		
Key management personnel compensation		
Short term employee benefits	752,231	606,505
Post-employment benefits	40,097	47,780
Share based payments	0	7,802,485
	792,327	8,456,770

Other related party transactions

Directors loans to the Group totalling $1,150,000 as disclosed at note 12.
Loans are repayable in full, 2 years of being granted, and a commercial rate of interest is charged.
Loans are secured by the borrowers' interest in a list of Installation of Works Agreements.

21 CASH FLOW INFORMATION

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
Reconciliation of cash flow from operations with profit / (loss) after tax		
Profit / (loss) after tax	(1,431,303)	(15,873,697)
Non-cash flows:		
Depreciation and amortisation	905,818	392,899
Loss on disposal of assets	5,768	5,463
Non-cash donation	363	
Share-based payments	0	13,369,577
	(519,354)	(2,105,758)
Changes in operating assets and liabilities		
Increase in receivables	(514,527)	(878,001)
Decrease / (increase) in other assets	(88,528)	(64,216)
(Decrease) / increase in creditors and payables	745,779	917,345
Increase in employee entitilements	43,982	73,449
Net cash used in operating activities	**(332,649)**	**(2,057,181)**
Reconciation of liabilities arising from financing activities		
Borrowings	1,304,201	
Cashflows	46,876	
Non-cash changes	0	
	1,351,077	
Cash and cash equivalents in the Consolidated Statement of Cash Flows include:		
Cash on hand	0	151
Cash at bank	1,344,363	2,477,554
Cash on deposit	20,000	1,500,000
	1,364,363	**3,977,705**

22 FINANCIAL INSTRUMENTS

Signifcant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The financial risks of the Consolidated Entity include price risk, interest rate risk, liquidity risk and credit risk. The consolidated entity does not hedge these risk exposures. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Price risk

Price risk is the risk of changes to market prices in the supply of electricity. This risk applies to both the price at which the Company sells electricity to its customers and the price it pays for that electricity. The Company manages this risk by signing up customers and suppliers to long-term contracts where possible.

Interest rate risk

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market forces.

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Consolidated Entity's profit or loss before taxes through the impact on cash and cash equivalents and held to maturity investments with a decrease or an increase of 0.25% in interest rates.

The Consolidated Entity's activities are also exposed to the financial risks of changes in interest rates on its borrowings and cash and cash equivalents. It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates.

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
Cash and cash equivalents and other financial assets	1,364,363	3,977,705
Borrowings	(1,351,078)	(1,304,201)
	13,285	2,673,504
Sensitvity		
Effect on profit or loss before taxes		
Increase 0.25%	33	6,684
Decrease 0.25%	(33)	(6,684)

22 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances. The Company is actively pursuing financing possibilities to fund its future growth plans.

At 30 June 2018 current assets exceeded current liabilities by $344,756 (2017: current assets exceeded current liabilities by $4,151,418). Financial liabilities comprised trade payables, accruals and loans. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity partially reduces credit risk by the use of direct debit facilities with its customers. In addition, the Company has the right to withhold the supply of electricity to secure payment. All cash & cash equivalents are held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the Consolidated Statement of Financial Position.

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, trade and other payables, employee entitlements, and loans are stated at their fair value.

	Consolidated Entity 2018 $	Consolidated Entity 2017 $
23 AUDITORS REMUNERATION		
Amounts paid/payable for audit or review of the financial statements	75,000	80,000
Amounts paid/payable for tax and other services	4,650	5,000
	79,650	85,000

24 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

25 PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the legal parent entity Locality Planning Energy Holdings Limited.

	2018 $	2017 $
Results of parent entity		
Profit/(loss) for the year	(697,587)	(14,051,627)
Other comprehensive income/(loss) for the year	0	0
Total comprehensive income/(loss) before tax	(697,587)	(14,051,627)
Income tax benefit	0	0
Total comprehensive income before tax	(697,587)	(14,051,627)
Financial position of parent entity at year end		
Current Assets	12,093,798	12,798,636
Total Assets	12,093,798	12,798,636
Current Liabilities	1,207,295	1,214,546
Total Liabitlies	1,207,295	1,214,546
Net Assets	10,886,503	11,584,090
Total equity of the parent entity comprising:		
Issued capital	38,763,236	39,064,880
Reserves	0	125,000
Accumulated losses	(27,876,733)	(27,605,789)
Total equity	10,886,503	11,584,091