APPENDIX 4D – HALF YEAR REPORT

HALF YEAR ENDED 31 DECEMBER 2018

Energy Action Limited (ASX: EAX) – ACN 137 363 636

1. Results for announcement to the market

	% change	6 months to 31 Dec 2018	Restated* 6 months to 31 Dec 2017
Revenue from ordinary activities	(25%)	$13,545,008	$17,993,978
Statutory Profit / (Loss) after tax attributable to members	(512%)	($9,930,600)	$2,409,496
Operating Profit after tax attributable to members	(63%)	$885,171	$2,409,496

Refer to section 4 for an explanation of Statutory vs Operating Profit

Basic earnings / (loss) per share (Statutory)	(512%)	(38.3c)	9.3c
Diluted earnings/ (loss) per share (Statutory)	(512%)	(38.3c)	9.3c

Basic earnings per share (Operating)	(63%)	3.4c	9.3c
Diluted earnings per share (Operating)	(63%)	3.4c	9.3c

***Figures restated on adoption of AASB15, AASB9 and changes in relation to sales commission expense. Refer to Note 2.3 in the Financial Report for further information.**

2. Dividends

	Cents per share	Franked amount cents per share	Payment date	Record date
2019 interim dividend	NIL	NIL	-	-
2018 final dividend	4.00	4.00	27 September 2018	27 August 2018

3. Brief Explanation of Statutory and Operating Profit per share

Statutory Profit / (Loss) and Statutory Earnings per share are prepared in accordance with Australian Accounting Standards and the Corporations Act.

Statutory Profit after tax for the half year was ($9,930,600) compared to $2,409,496 in FY18. FY19 included a loss after tax of $10,815,772 treated as Significant Items (refer also to the Directors Report), resulting in an FY19 Operating Profit of $885,171. FY19 Operating Profit was down 63% from the previous corresponding period. There were no Significant Items in FY18.

Operating Profit is reported to give information to shareholders that provides a greater understanding of operating performance by removing Significant Items and therefore facilitating a more representative comparison of performance between financial periods. Further details are included in the Directors Report.

4. Net tangible assets

	31 December 2018	Restated* 30 June 2018
Net tangible assets per share	$0.12	$0.15

5. Status of audit

An unqualified, signed Review Opinion is included within the attached Financial Report

All other information required to be disclosed by Energy Action Limited in the Appendix 4D is either not applicable or has been included in the attached Financial Report.

Please also refer to the ASX results announcement and results presentation.

ENERGY ACTION LIMITED

ABN 90 137 363 636

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Financial Report for the Half Year Ended 31 December 2018

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Corporate Information

ACN: 137 363 636

Directors
Murray Bleach – Non-Executive Chairman
Nitin Singhi – Independent Non-Executive Director
John Mackay AM – Independent Non-Executive Director
Paul Meehan – Non-Executive Director
Mark de Kock – Non-Executive Director

Company Secretary
Anna Sandham

Registered office and principal place of business
Level 5, 56 Station Street
Parramatta, NSW 2150

Share register
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Energy Action Limited shares (EAX) are listed on the Australian Securities Exchange (ASX)

Solicitors
DLA Piper
No 1 Martin Place
Sydney NSW 2000

Bankers
Commonwealth Bank of Australia
Level 3, 101 George Street
Parramatta NSW 2150

Auditors
Ernst & Young
200 George Street,
Sydney, NSW 2000

Directors Report

Your directors present their report, together with the financial statements for Energy Action Limited (the "Company") and its consolidated entities (the "Group"), for the half-year ended 31 December 2018.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Murray Bleach – Non-Executive Chairman

Nitin Singhi – Independent Non-Executive Director

John Mackay AM – Independent Non-Executive Director

Paul Meehan – Non-Executive Director

Mark de Kock – Non-Executive Director

Dividends

Dividends recommended: ***Ordinary shares***	**Cents per share**	**$**
Interim 2019 dividend	NIL	NIL
Final 2018 dividend	4.00	1,038,165
Interim 2018 dividend	Nil	Nil

Operating and Financial Review

The Board presents the FY19 first half year *Operating and Financial Review*, which has been designed to provide shareholders with a clear and concise overview of Energy Action's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the period. The review complements the financial report and has been prepared in accordance with ASIC's Regulatory Guide 247: Effective Disclosure in an Operating and Financial Review.

Our business model

Energy Action's core business strategy and purpose is:

"To help our clients understand and take control of their energy needs."

We have the power to help business save on energy costs, reduce emissions and increase the value of their assets. Our power comes from:

- Our expertise - a national team with knowledge and capability to offer better ways of buying, using and generating energy
- Our independence - to fight for a better deal, ensure "apples" to "apples" comparison and that retailers and providers deliver what they promise
- Our systems and processes - that ensure automated and reliable delivery of valuable information and insights, validated bills and tariff reviews

Energy Action's principal activities are providing integrated energy management services to a diverse base of Commercial, Industrial and small and medium sized business customers. Energy Action provides the following services:

- Broking or Consulting using a range of procurement methodologies;
- Manage client energy contracts, including account management, liaison with their retailer, validating their bill, ensuring the right tariff and helping them to understand how they are using energy;
- Help clients reduce their energy consumption, which is good for their bottom line and good for the environment;
- Help clients become more self-sufficient with their energy needs by installing solar or other on-site generation solutions.

Initially founded in 2000, Energy Action listed on the Australian Securities Exchange on 13 October 2011.

Financial performance

Financial results for FY18 have been restated in accordance with changes in accounting standards AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. Refer to Note 2.3 for details of the changes.

The Group generated a statutory net profit/(loss) after tax (NPAT) of ($9,930,600) for the half year ended 31 December 2018 compared to a statutory net profit after tax of $2,409,496 for prior corresponding period (pcp). The FY19 half year results included significant Items of $10,815,771 (nil pcp) resulting in operating net profit after tax for the half year ended 31 December 2018 of $885,171 compared to $2,409,496 for the pcp, a decrease of 63%.

Revenues declined by 25% versus the previous period, with declines of 46% decrease in Procurement, 25% decrease in PAS and 6% decrease in Contract Management and Environmental Reporting. Further details are included in the Revenue section below.

Operating overheads totalled $10.5 million for the period, compared to $11.8 million in the pcp, a reduction of $1.3 million, reflecting a continued focus on cost management.

The effective tax rate of 2% was primarily due to the change in the corporate tax rate for small companies from 30% to 27.5% as at 1 July 2018. This change resulted in a reduction of deferred tax liabilities of $0.169 million which has been included as a reduction in income tax expense.

The Group incurred significant items totaling $10,815,771. Of this amount $10,615,407 (98%) were non-cash items. These significant items net of tax effect were:

- Impairment of goodwill of $9,944,796 related to previous acquisitions
- Accelerated amortization of customer relationship intangibles of $583,545 related to previous acquisitions
- Accelerated amortization of software of $188,905
- Costs associated with an organizational restructure of $151,267
- Costs associated with the recently completed strategic review of $116,268
- Benefit associated with the reduction in tax rate on Deferred Tax Liability $169,010.

Further details are included later in the Director's report.

A reconciliation of the Group's Statutory NPAT to Operating NPAT and Earning before income tax and depreciation (EBITDA) is shown in the table below:

	NPAT			**EBITDA**		
$	**31 Dec 2018**	**31 Dec 2017**	**Variance**	**31 Dec 2018**	**31 Dec 2017**	**Variance**
Statutory net profit after tax	(9,930,600)	2,409,496	(512.1%)	(8,557,578)	4,413,504	(293.9%)
Add back Significant Items after tax:						
Tax rate change	(169,010)	-	(100%)	-	-	-
Strategic Review	116,268	-	100%	160,370	-	100%
Restructuring Costs*	151,267	-	100%	208,644	-	100%
Accelerated D&A **	772,450	-	100%	-	-	-
Impairment of Goodwill	9,944,796	-	100%	9,944,796	-	100%
Operating net profit after tax	885,171	2,409,496	(63.3%)	1,756,232	4,413,504	(60.2%)

* Costs associated with restructuring and closure of rental premises.

** Accelerated Depreciation & Amortisation on and specific items of Software and Customer Relationships.

Key Financial Metrics – six months ended 31 December 2018

Six months ended	**31 Dec 2018**	**31 Dec 2017**	**Variance**
Revenue	$13.55m	$17.99m	(25%)
Operating EBITDA	$1.76m	$4.41m	(60%)
Operating EBITDA margin	12.97%	24.53%	(11.56pts)
Operating NPAT	$0.89m	$2.41m	(63%)
Operating Cash Flow[1]	$1.94m	$2.11m	(8%)
Statutory NPAT	($9.93m)	$2.41m	(512%)
Earnings per share (Operating)	3.4c	9.3c	(63%)
Earnings per share (Statutory)	(38.3c)	9.3c	(512%)

[1]Operating Cash Flow before Interest, Tax and Significant Items

Financial position and cashflows

Net assets decreased from $18.93 million at 30 June 2018 to $7.88 million at 31 December 2018 as a result of the Statutory Loss of $9.93 million and the payment of the FY18 full year dividend of $1.04 million.

Operating cash flows before interest, tax and significant items of $1.94 million were generated during the half year, with the conversion of Operating EBITDA to Operating Cash Flow a positive 111%.

The Group incurred capital expenditure of $933,726 in the period, of which $843,077 was on IT projects, predominately progressing the renewal and enhancement of the Group's core Customer and Contract Management platforms.

Reconciliation of Operating Cash Flow before interest, tax and significant items

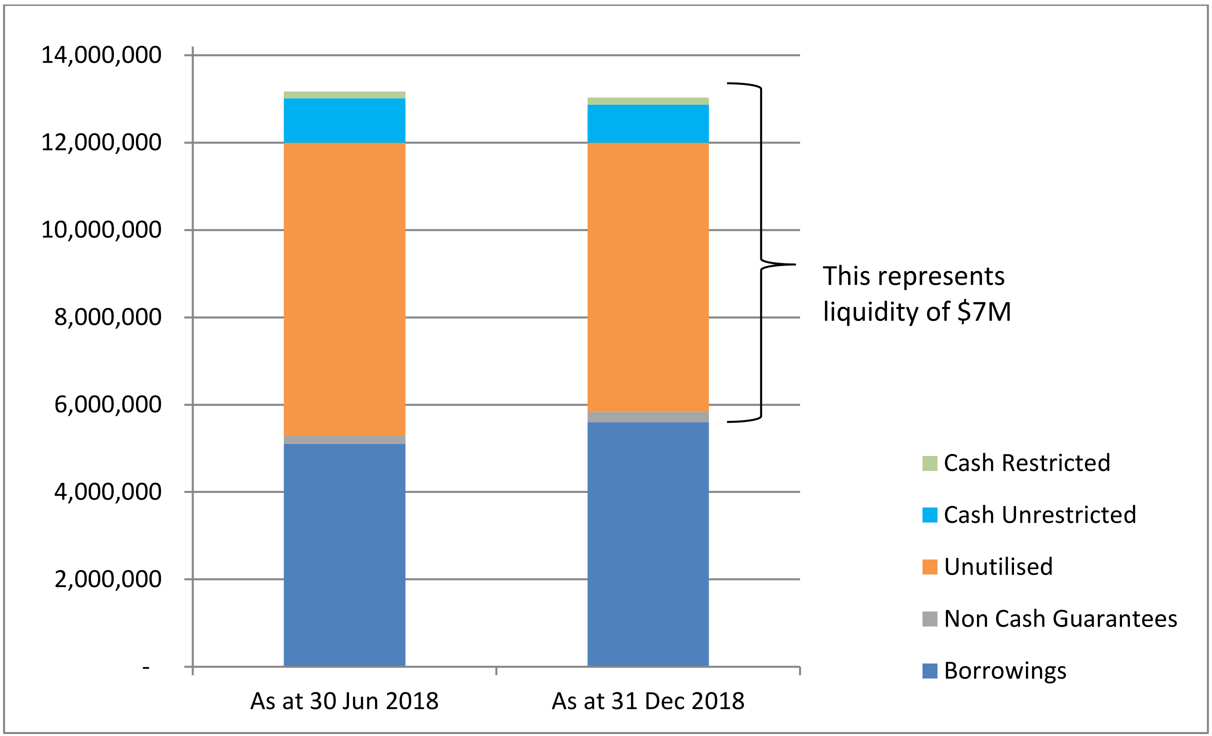
Six months ended	**31 Dec 2018**	**31 Dec 2017**
Operating Cash flow	**1,326,853**	**1,357,054**
Add back:		
Taxes paid	148,341	519,713
Net Interest paid / (received)	190,553	231,365
Cash flows related to significant items	276,365	-
Operating cash flow before interest, tax and significant items	**1,942,112**	**2,108,132**

The Company has a five year, $12 million multi-option facility agreement, expiring October 2019. Funds can be provided under the facility as loans, bank guarantees or as letters of credit. As at 31 December 2018, the Company had utilised $5.84 million of the facility comprising a loan of $5.6 million and bank guarantees principally in relation to rental properties $176,670 and PAS Projects of $60,997.

The Group had $1.0 million of cash at bank at 31 December 2018, and total undrawn facilities and cash of approximately $7.0 million.

The Company has accepted a firm offer from the bank for an extension of its current facility for a period of 2 years, with a revised limit of $9 million on substantially the same terms and conditions. The offer is subject to the completion of formal documentation, which is required to be completed by 22 May 2019.

Liquidity



Operating review and highlights

H1 FY18 has been a difficult period for the Company with a decline in revenue and operating EBITDA. The main causes for this decline are:

- Sustained poor performance of the Projects and Advisory Services Division (PAS) in achieving commercially acceptable margins on project management and supply and installation services;
- In the core procurement and Contract Management & Environmental Reporting (CMER) segments :
    - The failure to recognise and adapt to retailers contacting and contracting customers ahead of expected renewal.
    - Ineffective management of sales, customer service, and follow up.
- lack of integration of core systems resulting in inefficiencies and higher costs to serve and delay in delivery of the transformation project to correct these issues.
- the strategic review distracting the Executive Team, creating insecurity for staff and lower levels of staff engagement.

The completion of the Strategic Review highlighted that the Company should continue to focus on delivering its strong market position in core energy procurement and monitoring services and streamline the delivery of its energy efficiency solutions.

Notwithstanding the impact on the financial performance identified above, there have been a number of key operational highlights in the period that include:

- An increase in embedded network tenancies under management of 629 (46%);
- Energy Action has recently completed the successful implementation of a large scale energy retailer billing system and customer portal on behalf of CS Energy. The implementation is a multi-year contract, which involved the successful transfer and billing of several hundred sites in less than three months. It is a scalable application of an improved project deployment approach, market leading technology and energy data management processes to a growing market segment that was previously not accessible to Energy Action;
- Energy Action recently completed the Energy Strategy to guide the development of Stage 1 of Western Sydney Airport, a $5.3Bn Federal Government investment due to be operational in 2026. The strategy incorporated both demand and supply side measures to deliver an energy investment model for the Airport.
- Continued development towards the replacement of the Group's core Customer and Contract Management platforms
- Establishment of Cultural Transformation Program to diagnose and enhance the organizational culture.

- Flattening of the management structure reducing leadership by 5 FTE and resulting in forecasted annual savings in excess of $1 million per annum from FY20, with savings flowing from the second half of FY19.
- Expansion of the Business Processing Offshore team to 12 Full Time Equivalent (FTE).
- Closure of 4 leased premises, with consolidation of 3 office locations into Sydney and Melbourne and the Perth office relocating into a flexible serviced office. This will result in forecasted cost savings of $0.2 million per annum
- Continued focus on Operating Cash Flow with the conversion of Operating EBITDA to Operating Cash Flow a healthy 111%.

Revenue

Six months ended	**31 Dec 2018**	**31 Dec 2017**	**Vs HY18**	**vs HY18 %**
Procurement	3,755,656	6,978,374	(3,222,718)	(46.18%)
CMER	7,356,122	7,785,552	(429,430)	(5.52%)
PAS	2,433,106	3,228,646	(795,540)	(24.64%)
Other revenue	124	1,406	(1,282)	(91.18%)
Total Revenue	13,545,008	17,993,978	(4,448,970)	(24.72%)

Revenue and other income for the year decreased by $4.45 million (25%) from $18 million to $13.5 million mainly as a result of the following:

- Procurement revenues declined 46%, driven by a 41% decrease in the number of Auctions performed to 501 (down from 854 in the pcp) and a decrease in the average $/MWh of 15% to $80.97. In line with our contracting guidance, contract duration was 26.4 months largely in line with the pcp of 26.5 month.
- Contract Management and Environmental Reporting (CMER) revenue declined by 5.5% with a small decline in sites under management, predominately in Metrics services. Work is continuing to improve the customer value of the CMER service and arrest this decline.
- PAS revenues decreased 25% vs the pcp across the full range of services. Project delivery has been behind schedule due to third party project delays. Operating performance has been impacted by high staff turnover in the PAS division in the period.

Operating expenditure

Operating overheads totalled $10.5 million for the period, compared to $11.8 million in the pcp, a decrease of 11%, reflecting a continued focus on cost management, in particular:

- The number of employees in the PAS business reduced by 11 FTE
- The Company continues to expand its offshore resources replacing on-shore transactional roles as appropriate.
- Closure of 4 rental premises, with consolidation of 3 office locations into Sydney and Melbourne and the Perth office relocating into a flexible serviced office. This will result in cost savings of approximately $0.2 million per annum.
- Reduction of Directors fees by 40% resulting in annualized savings of $0.126 million effective 1 February 2019.
- Ongoing strict cost control across all discretionary spend areas.
- A decline in operating D&A with accelerated depreciation and amortization from the reassessment of customer relationships and specific software useful life to 30 June 2019.

Significant Items

The company recorded Significant Items for the half year ended 31 December 2018 in relation to the following categories:

- Impairment of Goodwill. A formal assessment of the carrying value of Goodwill has been undertaken. This assessment resulted in an impairment of 100% of Goodwill, with a value of $9,944,796.
- Customer Relationship Amortisation and Software Depreciation - the Company has assessed the useful life of Customer Relationships and Software Development costs. This has resulted in the acceleration of Customer Relationship amortisation and specific Software Development depreciation until the 30 June 2019.
- Strategic Review – the Company has incurred costs of $160,370 in relation to the Strategic Review.
- Restructuring costs – the Company has incurred costs of $208,644 in relation to restructuring and the closure of rental premises in Sydney and Melbourne.
- Reduction in tax rate – benefit associated with tax rate from 30% to 27.5% amounted to $169,010.

Forward revenue

The opening balance of forward revenue has been restated to $38.9 million at June 2018 as a result of the adoption of AASB15 Revenue from Contracts with Customers effective 1 July 2018. Auction revenue is now recognised in full at the time of the Contract, and accordingly there is no longer any additional revenue recognised over the term of the contract for this line of business. Forward revenue for the half year ending 31 Dec 2018 has declined to $31.6 million with Procurement and CMER forward revenue declining with new contract sales lower than roll-off revenue. The Company continues to focus on improving acquisitions, retentions, customer service and enhancing the Contract Management & Environmental Reporting offering.

Operational Key Performance Indicators

Six months ended	**31 Dec 2018**	**31 Dec 2017**	**% change**
Procurement			
No. of successful AEX auctions	501	854	(41%)
Average AEX contract duration (months)	26.40	26.53	-
TWhs sold via Auction (annualised equivalent[1])	0.53	0.98	(46%)
Average $/MWh	$80.97	$95.77	(15%)
Total Auction bid value[2]	$95m	$208m	(54%)
No. of electricity tender events[3]	86	97	(11%)
No. of gas tender events[3]	43	50	(14%)
Contract Management & Energy Reporting (CMER)	**31 Dec 2018**	**30 Jun 2018**	
Sites under current contract[4]			**No.**
Energy Metrics	5,043	5,492	-449
Bureau Services	900	987	-87
Data only contracts (MP / MDA)	1,620	1,648	-28
No. of sites under contract	7,583	8,127	-544
Average Energy Metrics contract duration (months)	43	41	+2 months
Embedded Network tenancies under management	2,007	1,378	+629
Projects & Advisory Services			
Contracted future orders	$4.2m	$5.3m	(21%)
Total Company future contracted revenue	$31.6m	$46.5m	(32%)

1) Total auction bid value over the contract term divided by total auction MWh over the contract term (excluding RFP value and MWh). Not calculated on annualised equivalents

2) Electricity component of contract only, i.e. excluding network and other charges

3) Includes C&I and tariff tenders

4) Does not include contracts which are signed, but yet to commence service delivery

Outlook

Following the finalisation of the Strategic Review in Dec 18 and the appointment of John Huggart as CEO, the key priorities for the 2H FY19 have been established:

- Sales growth - Working with the mid-market sales team to accelerate acquisitions and retention of customers. A substantive change in the sales and service model for the team has commenced.
- Capability – Delivery of strategic transformation projects :
    - The delivery of the retail billing project which has now been completed.
    - The delivery of the replacement of the Group's core Customer and Contract Management platforms.
    - The refresh of the Metrics platform for retention and growth in CMER.
- Service - Improve customer interactions and delivery to achieve improved retention and net promoter score outcomes.
- Profit - Continue to improve the operating margins of the Project and Advisory Services division, develop partnerships to assist with delivery of services to customers and strong performance and cost management.
- Engagement – Building a high performance culture.

The Company is not providing formal earnings guidance.

Events after the Reporting Period

The Company has accepted a firm offer from the bank for an extension of its current facility for a period of 2 years, with a revised limit of $9 million on substantially the same terms and conditions. The offer is subject to the completion of formal documentation, which is required to be completed by 22 May 2019.

The Directors have reduced their remuneration by 40% effective 1 February 2019, reducing costs by $0.126M per annum.

Michael Fahey has resigned as Chief Financial Officer/Chief Operating Officer and Tracy Bucciarelli has been appointed Chief Financial Officer. Chief Operating Officer duties will be undertaken by existing leaders in a flatter senior leadership team structure.

On 15th February 2019, the Company has received notice from Microequities Asset Management, a substantial shareholder, that it has terminated its agreement with Mark de Kock to act as its nominee director.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2018 has been received and can be found on the following page of the financial report.

This director's report is signed in accordance with a resolution of the Board of Directors.

Murray Bleach
Chairman
Dated: 27 February 2019

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Energy Action Limited

As lead auditor for the review of Energy Action Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
27 February 2019

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2018

	Note	Consolidated Group	
		1H FY19 6 Months to Dec 18 $	1H FY18 6 Months to Dec 17 (Restated) $
Continuing operations			
Revenue	3	13,544,884	17,992,572
Other income	4	124	1,406
Total Revenue		**13,545,008**	**17,993,978**
Cost of goods and services sold		(1,812,374)	(2,526,560)
Employee benefits expense		(6,820,321)	(7,848,322)
Rental expense		(732,265)	(625,049)
Travel expenses		(212,776)	(187,481)
Administration expenses		(2,211,040)	(2,393,062)
Impairment of Goodwill		(9,944,796)	-
Restructuring Costs		(208,644)	-
Strategic review costs		(160,370)	-
EBITDA		**(8,557,578)**	**4,413,504**
Depreciation and amortisation		(1,364,002)	(742,373)
EBIT		**(9,921,580)**	**3,671,131**
Financing costs	8	(228,376)	(272,712)
Profit / (Loss) before income tax		**(10,149,956)**	**3,398,419**
Income tax expense	5	219,356	(988,923)
Profit / (Loss) for the year attributable to members of the parent entity		**(9,930,600)**	**2,409,496**
Other comprehensive income/(loss) for the period, net of tax, that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		39,810	(20,969)
Interest Swap Reserve		4,747	(2,683)
Total comprehensive income for the year attributable to members of the parent entity		(9,886,043)	2,385,844
Earnings per share:			Cents
Basic earnings per share for the year attributable to ordinary equity holders of the parent	11	(38.3)	9.3
Diluted earnings per share for the year attributable to ordinary equity holders of the parent	11	(38.3)	9.3

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Note	Consolidated Group	
		31 Dec 2018 $	30 Jun 2018 (Restated) $
CURRENT ASSETS			
Cash and cash equivalents		1,026,933	1,171,288
Trade and other receivables		3,848,599	3,838,586
Current tax asset	10	23,921	56,738
Other assets		4,827,052	5,914,216
TOTAL CURRENT ASSETS		**9,726,505**	**10,980,828**
NON-CURRENT ASSETS			
Trade and other receivables		88,671	91,358
Other assets		3,575,799	3,289,971
Property, plant and equipment		373,105	529,890
Software Development	6	4,175,838	3,959,113
Goodwill	6	-	9,944,796
Customer relationships	6	583,545	1,167,090
TOTAL NON-CURRENT ASSETS		**8,796,958**	**18,982,218**
TOTAL ASSETS		**18,523,463**	**29,963,046**
CURRENT LIABILITIES			
Trade and other payables	7	2,355,854	2,606,507
Short Term provisions		783,364	1,000,837
Loans and Borrowings – Current	9	5,538,335	-
TOTAL CURRENT LIABILITIES		**8,677,553**	**3,607,344**
NON-CURRENT LIABILITIES			
Other long term provisions		294,611	354,256
Loans and Borrowings – Non-Current	9	-	4,997,225
Deferred tax liabilities	10	1,670,702	2,071,216
TOTAL NON-CURRENT LIABILITIES		**1,965,313**	**7,422,697**
TOTAL LIABILITIES		**10,642,866**	**11,030,041**
NET ASSETS		**7,880,597**	**18,933,005**
EQUITY			
Issued capital	13	6,537,906	6,537,906
Share based payments reserve	14	190,025	318,226
Retained earnings		1,155,486	12,124,250
Interest Swap Reserve		(2,820)	(7,567)
Foreign currency translation reserve		-	(39,810)
TOTAL EQUITY		7,880,597	18,933,005

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2018

Consolidated Group	Note	Share Capital Ordinary $	Share Based Payment Reserve $	Retained Earnings $	Foreign currency translation reserve $	Interest swap reserve $	Total $
Balance at 30 June 2017		6,537,906	262,768	5,830,890	(37,437)	(24,165)	12,569,962
AASB 15 Adjustment		-	-	3,396,044	-	-	3,396,044
Balance at 30 June 2017 (Restated)		6,537,906	262,768	9,226,934	(37,437)	(24,165)	15,966,006
Profit / (Loss) for the period		-	-	2,409,496	-	-	2,409,496
Foreign currency translation reserve		-	-	-	(20,969)	-	(20,969)
Interest Swap Reserve		-	-	-	-	(2,683)	(2,683)
Total comprehensive income		**-**	-	2,409,496	(20,969)	(2,683)	2,385,844
Share based payment		-	9,152	-	-	-	9,152
Dividends paid or provided for	12	-	-	(363,358)	-	-	(363,358)
Balance at 31 Dec 2017		6,537,906	271,920	11,273,072	(58,406)	(26,848)	17,997,644
Balance at 30 June 2018		6,537,906	318,226	8,055,889	(39,810)	(7,567)	14,864,644
AASB 15 Adjustment		-	-	4,068,361	-	-	4,068,361
Balance at 30 June 2018 (Restated)		6,537,906	318,226	12,124,250	(39,810)	(7,567)	18,933,005
Profit / (Loss) for the period		-	-	(9,930,600)	-	-	(9,930,600)
Foreign currency translation reserve		-	-	-	39,810	-	39,810
Interest Swap Reserve		-	-	-	-	4,747	4,747
Total comprehensive income		-	-	(9,930,600)	39,810	4,747	(9,886,043)
Share based payment		-	(128,201)	-	-	-	(128,201)
Dividends paid or provided for	12	-	-	(1,038,165)	-	-	(1,038,165)
Balance at 31 December 2018		6,537,906	190,025	1,155,485	-	(2,820)	7,880,596

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Cash Flow

For the half year ended 31 December 2018

	Note	Consolidated Group	
		1H FY19 6 Months to Dec18 $	1H FY18 6 Months to Dec17 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		14,889,496	18,615,516
Payments to suppliers and employees (inclusive of GST)		(12,893,750)	(16,515,298)
Payment for restructuring and strategic review costs		(276,365)	-
Interest received		2,287	3,683
Share based payments share purchase		(53,634)	4,231
Interest paid		(192,839)	(231,365)
Income tax paid		(148,342)	(519,713)
Net cash provided by/(used in) operating activities		1,326,853	1,357,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89,968)	(138,802)
Software development costs		(843,077)	(849,963)
Net cash used in investing activities		(933,045)	(988,765)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid by parent entity	12	(1,038,165)	(363,358)
Bank loan	9	500,000	(1,300,000)
Net cash generated/(used) from financing activities		(538,165)	(1,663,358)
Net increase/(decrease) in cash held		(144,357)	(1,295,069)
Cash at beginning of financial year		1,171,290	2,105,780
Cash at end of financial year		1,026,933	810,711

The accompanying notes form part of these financial statements

NOTE 1: CORPORATE INFORMATION

The interim consolidated financial statements and notes represent those of Energy Action Limited and its Controlled Entities (the "consolidated group" or "group" or "EAX") for the half-year ended 31 December 2018. The financial statements were authorised for issue in accordance with a resolution of the directors on 27 February 2019.

Energy Action Limited ("the Parent") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group is a for profit entity.

The nature of the operation and principal activities of the Group are described in the directors' report.

NOTE 2: BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim unaudited condensed consolidated financial statements for the six months ended 31 December 2018 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. The disclosures required in these interim unaudited condensed consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The interim unaudited condensed consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2018.

The interim unaudited condensed consolidated financial statements comprise the condensed statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed consolidated financial statements.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

2.3 New Accounting Standards and interpretations

(i) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The group has adopted the following Australian Accounting Standards, AASB Interpretations and change in the Company accounting policy as of 1 July 2018:

- AASB 15 Revenue from Contracts with Customers
- AASB 9 Financial Instruments
- Sales Commission Expense

The impact on the Group's retained earnings as at FY18 1H, FY18 2H, FY18 and FY17 full year was as follows:

	1H FY18 6 Months to Dec 17 $	2H FY18 6 Months to Jun 18 $	FY18 Full Year Jun 18) $	FY17 Full Year Jun 17 $
Retained earnings, as previously reported	-	-	-	5,830,890
Retained earnings, restated (B/F)	9,226,934	11,273,072	9,226,934	-
Changes arising from the application of AASB 15 (note a)	1,734,242	(1,140,744)	593,498	6,392,509
Changes arising from the application of AASB 9 (note b)	-	-	-	-
Changes in relation to sales commissions expense (note c)	275,396	91,559	366,955	(1,541,017)
Tax impact of the above	(621,830)	333,695	(288,136)	(1,455,448)
NPAT impact	1,387,808	(715,491)	672,317	3,396,044
Profit/(Loss) for the period	1,021,688	1,566,669	2,588,357	-
Dividend paid	(363,358)	-	(363,358)	-
Retained earnings, restated	11,273,072	12,124,250	12,124,250	9,226,934

The impact on the Group's financial position as at 30 June 2018 was as follows:

	Consolidated Group				
	30 Jun 2018 As reported	AASB 15 Adjustment (Note a) $	AASB 9 Adjustment (Note b) $	Sales Commission Expense (Note C) $	30 Jun 2018 (Restated) $
CURRENT ASSETS					
Cash and cash equivalents	1,171,288	-	-	-	1,171,288
Trade and other receivables	3,838,586	-	-	-	3,838,586
Current tax asset	56,738	-	-	-	56,738
Other assets	2,374,044	4,111,610	-	(571,438)	5,914,216
TOTAL CURRENT ASSETS	**7,440,656**	**4,111,610**	**-**	**(571,438)**	**10,980,828**
NON-CURRENT ASSETS					
Trade and other receivables	91,358	-	-	-	91,358
Property, plant and equipment	529,890	-	-	-	529,890
Other assets	339,389	3,289,971	-	(339,389)	3,289,971
Software Development	3,959,113	-	-	-	3,959,113
Goodwill	9,944,796	-	-	-	9,944,796
Customer relationships	1,167,090	-	-	-	1,167,090
TOTAL NON-CURRENT ASSETS	**16,031,636**	**3,289,971**	**-**	**(339,389)**	**18,982,218**
TOTAL ASSETS	**23,472,292**	**7,401,581**	**-**	**(910,827)**	**29,963,046**
CURRENT LIABILITIES					
Trade and other payables	1,927,698	-	-	678,809	2,606,507
Short Term provisions	1,000,837	-	-	-	1,000,837
TOTAL CURRENT LIABILITIES	**2,928,535**	**-**	**-**	**678,809**	**3,607,344**
NON-CURRENT LIABILITIES					
Other long term provisions	354,256	-	-	-	354,256
Loans and Borrowings	4,997,225	-	-	-	4,997,225
Deferred tax liabilities	327,632	2,220,474	-	(476,890)	2,071,216
TOTAL NON-CURRENT LIABILITIES	**5,679,113**	**2,220,474**	**-**	**(476,890)**	**7,422,697**
TOTAL LIABILITIES	**8,607,648**	**2,220,474**	**-**	**201,919**	**11,030,041**
NET ASSETS	**14,864,644**	**5,181,107**	**-**	**(1,112,746)**	**18,933,005**
EQUITY					
Issued capital	6,537,906	-	-	-	6,537,906
Share based payments reserve	318,226	-	-	-	318,226
Retained earnings	8,055,889	5,181,107	-	(1,112,746)	12,124,250
Interest Swap Reserve	(7,567)	-	-	-	(7,567)
Foreign currency translation reserve	(39,810)	-	-	-	(39,810)
TOTAL EQUITY	**14,864,644**	**5,181,107**	**-**	**(1,112,746)**	**18,933,005**

The impact on the Group's comprehensive income as at 31 December 2017 was as follows:

					Consolidated Group
	1H FY18 6 Months to Dec 17 (As reported) $	AASB 15 Adjustment (Note a) $	AASB 9 Adjustment (Note b) $	Sales Commission Expense (Note C) $	1H FY18 6 Months to Dec 17 (Restated) $
Continuing operations					
Revenue	16,258,330	1,734,242	-	-	17,992,572
Other income	1,406	-	-	-	1,406
Total Revenue	**16,259,736**	**1,734,242**	**-**	**-**	**17,993,978**
Cost of goods and services sold	(2,537,412)	-	-	10,852	(2,526,560)
Employee benefits expense	(8,112,866)	-	-	264,544	(7,848,322)
Rental expense	(625,049)	-	-	-	(625,049)
Travel expenses	(187,481)	-	-	-	(187,481)
Administration expenses	(2,393,062)	-	-	-	(2,393,062)
EBITDA	**2,403,866**	**1,734,242**	**-**	**275,396**	**4,413,504**
Depreciation and amortisation	(742,373)	-	-	-	(742,373)
EBIT	**1,661,493**	**1,734,242**	**-**	**275,396**	**3,671,131**
Financing costs	(272,712)	-	-	-	(272,712)
Profit / (Loss) before income tax	**1,388,781**	**1,734,242**	**-**	**275,396**	**3,398,419**
Income tax expense	(367,093)	(536,616)	-	(85,214)	(988,923)
Profit / (Loss) for the year attributable to members of the parent entity	**1,021,688**	**1,197,626**	**-**	**190,182**	**2,409,496**
Other comprehensive income/(loss) for the period, net of tax, that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	20,969	**-**	-		20,969
Interest Swap Reserve	2,683	**-**	-		2,683
Total comprehensive income for the year attributable to members of the parent entity	**1,045,340**	**1,197,626**	**-**	**190,182**	**2,433,148**
Earnings per share:					Cents
Basic earnings per share for the year attributable to ordinary equity holders of the parent	3.9	-	-	-	9.3
Diluted earnings per share for the year attributable to ordinary equity holders of the parent	3.9	-	-	-	9.3

(a) AASB 15 Revenue from Contracts with Customers

AASB15 introduced revised guidance which will require revenue from certain procurement activities to be recognised in the period in which the procurement activity is undertaken.

Energy Action reviewed its accounting policy in light of this guidance and performed analysis on each revenue line item. It was determined that procurement revenue relating to Auction and Commission Based Tenders previously recognised over the term of the underlying energy contract will be recognised on finalisation of the related energy procurement contract.

Accordingly, revenue will be recognised upfront once the Auction is complete and contracts signed between the retailer and the customer. The commercial and payment terms of the contract term remain unchanged with payments being received over the life of the contract. Accordingly, an asset called "Revenue not invoiced" has been created to recognised the difference between revenue recognised and the amount invoiced.

Energy Action has historically experienced cancellation of Auction revenue during the contract period of approximately 7.3% based on the last 2 years of history. Accordingly it was assessed that 7.3% of the total values of contracts entered into should be provided for on the balance sheet as a provision for cancellations on an ongoing basis. This has the effect of reducing revenue and providing for the risk of cancellation, for the period between recognising revenue and invoicing the retailer.

Energy Action has adopted the full retrospective approach to implement the standard since it allows for comparison of FY19 results to FY18 results on a like for like basis. This will result in a one-off acceleration of revenue. Management has completed a full assessment by reviewing all contracts/arrangements. The finding indicates that the adoption of the new revenue accounting policies resulted in an adjustment of ($1,140,744) before tax in Dec 18 and $1,734,242 before tax in Dec 17.

Other Procurement and Monitoring revenue, Project and Advisory Services (PAS) revenue is recognised in the accounting period in which services are rendered and/or in accordance with the percentage of completion of the project.

(b) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 in relation to financial instruments and hedge accounting.

The key change to Energy Action's financial report arising from this standard is in relation to the impairment of financial assets (mainly receivables). AASB 9 effectively moves from an "incurred losses" model to an "expected losses" model, which requires a forward-looking assessment of potential default events and losses over the life of these assets.

Energy Action will evaluate the aged debtors trial balance on a monthly basis. An allowance for doubtful debts will be calculated based on the forward-looking loss rates established for direct customers. Accounts with administrator appointed or in liquidation will be fully provided for except where a reasonable estimate can be made of the recoverable amount. Nil provision for retailers and metering companies based on history and due to minimal risk.

The adoption of AASB 9 did not have any material impact on the financial position or performance of the group.

(c) Sales Commissions Expense

In conjunction with the change in revenue recognition for auctions, management has also changed the current policy in relation to sales commissions expense. The sales commissions expense relates to sales representatives and external agents who are paid commission on sales contracts, predominately Auction and Metrics related. Historically sales representatives commissions are paid upfront, held in the balance sheet as an asset and amortised over a period of time in line with the average length of the contracts. From 1 July 2018 management has expensed sales representative and agents' commissions upfront in line with the revenue also being recognised upfront.

This company policy change results in the adjustment of $91,559 before tax in Dec 18 and $275,396 before tax in Dec 17.

As a practical expedient, Energy Action recognise the incremental costs of obtaining a contract as an expense when incurred.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half year reporting period ending 31 December 2018 are outlined in the table below:

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 16 Leases	January 1, 2019	June 30, 2020

Impact of AASB16 on future reporting periods:

Adoption of AASB16, to apply in FY2020, will require leases currently treated as operating leases, such as rental of office premises, to be recognised on the balance sheet. This change will impact the classification of certain expenses such as rental expense, depreciation and financing costs. Consequently, non IFRS measures such as EBITDA and EBIT will also be impacted. Management has completed an initial assessment review, and this change is expected to result in an increase of leased assets and lease liabilities.

NOTE 3: SEGMENT INFORMATION

Identification of reportable segments

The Group has identified one reportable operating segment, which provides electricity and gas procurement services, Contract Management & Environmental Reporting (CMER) services, and sustainability services in Australia. The types of services provided are detailed below.

Types of Services

Energy Action's principal activities are providing integrated energy management services to a diverse base of commercial and industrial customers. Its core services are:

- Energy procurement: specialised buying and negotiation strategies, utilising reverse auctions, bespoke tender models and advising on structured products;
- CMER: manage client energy contracts, including account management, liason with their retailer, validating their bill, ensuring the right tariff and helping them to understand how they are using energy; and,
- Energy efficiency and sustainability; Projects and Advisory Services (PAS).

The Australian Energy Exchange (AEX) electricity and gas procurement service is an online, real time and reverse auction platform for business customers which provides the opportunity to competitively obtain energy supply contracts from various energy providers.

Energy Metrics is an independent CMER platform which transforms energy data into usable business intelligence that is easy to understand and essential for improving overall business efficiency.

The types of CMER services include energy consumption monitoring and costing, energy emissions monitoring, contract administration, detailed technical reporting, desktop energy efficiency review and additional reporting and monitoring.

Projects & Advisory Services (PAS) is the energy efficiency and sustainability partnering service, which aims to improve and manage on site level of energy efficiency, through the use of innovative energy efficiency and energy management methodologies. The various services include metering intelligence, sub metering, carbon footprint measurement and reduction advice, Australian Standard Level 2 compliance energy audits, project feasibility studies and supporting onsite power generation projects such as co-generation and tri-generation units from prefeasibility through to commissioning.

In the table below revenue is analysed by service line, however overall the performance of the business is monitored as one.

Accounting Policies and inter-segment transaction

The accounting policies used by the Group in the reporting segment internally are the same as those contained in note 2 to the annual accounts.

Revenue by customer

There is no revenue with a single external customer that contributes more than 10% of total revenue.

1H FY19 (Jul 18 – Dec 18)	Procurement	Monitoring	Project & Advisory Services	Total
	$	$	$	$
Sales to external customers	3,755,656	7,356,122	2,433,106	13,544,884

1H FY18 (Jul 17 – Dec 17)	Procurement	Monitoring	Project & Advisory Services	Total
	$	$	$	$
Sales to external customers	6,978,374	7,785,552	3,228,646	17,992,572

NOTE 4: OTHER INCOME

	Consolidated Group	
	1H FY19 6 Months to Dec 18	1H FY8 6 Months to Dec 17
	$	$
Other Income	124	1,406
Total revenue	124	1,406

NOTE 5: INCOME TAX EXPENSE

	Note	Consolidated Group	
		31 Dec 2018	30 Jun 2018
		$	$
The components of tax expense comprise:			
Current tax		145,476	1,151,405
Current tax – under/(over) prior year		(7,412)	(56,564)
Tax rate changes		(169,010)	-
Deferred tax	10	(188,410)	(44,707)
		(219,356)	1,050,134
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax (benefit) / payable on profit / (loss) from ordinary activities before income tax at 27.5% (2018: 30%)		(2,791,238)	1,091,547
Add Tax effect of :			
Permanent Differences			
— Share based payments/trust		(8,417)	(15,400)
— Goodwill impairment		2,734,819	-
— Other permanent differences		21,902	25,557
— Tax rate changes impact		(169,010)	-
— Prior year adjustments		(7,412)	(56,564)
Less Tax effect of :			
Deductible Expense			
— Unbooked tax losses		-	4,994
Income tax attributable to entity		(219,356)	1,050,134
The applicable weighted average effective tax rates are as follows:		2.16%	28.86%

Energy Action Limited and its 100% owned subsidiaries formed a tax consolidated group with effect from 3 March 2009. Energy Action Limited is the head entity of the tax consolidated group.

NOTE 6: INTANGIBLE ASSETS

	Consolidated Group	
	31 Dec 2018	30 Jun 2018
	$	$
Software development costs – net of amortisation	4,175,838	3,959,113
Goodwill	-	9,944,796
Customer relationships – net of amortisation	583,545	1,167,090
	4,759,383	15,070,999

	Goodwill	Customer relationships	Software Development costs	Total Intangibles
	$	$	$	$
Consolidated Group:				
Year ended 30 June 2017				
Balance at the beginning of year	9,944,796	1,406,174	3,312,004	14,662,974
Internal development	-	-	1,567,339	1,567,339
Disposal	-	-	(2,378)	(2,378)
Amortisation charge	-	(239,084)	(917,852)	(1,156,936)
Closing value at 30 June 2018	**9,944,796**	**1,167,090**	**3,959,113**	**15,070,999**
Year ended 30 June 2018				
Balance at the beginning of year	9,944,796	1,167,090	3,959,113	15,070,999
Impairment of Goodwill	(9,944,796)			(9,944,796)
Internal development	-	-	843,078	843,078
Amortisation charge	-	(583,545)	(626,353)	(1,227,715)
Closing value at 31 Dec 2018	**-**	**583,545**	**4,175,838**	**4,759,382**

Intangible assets, excluding goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of comprehensive income.

6(a) Impairment testing of goodwill:

For the half year ended 31 December 2018, Goodwill acquired through business combinations with indefinite lives has been allocated to one Cash Generating Unit (CGU).

Energy Action has one reportable operating segment, being 'the provision of electricity procurement services, CMER services, and project advisory services in Australia'. Therefore goodwill will be allocated across Energy Action's sole operating segment.

The recoverable amount of the cash generating unit (CGU) has been determined on a value in use calculation using cash flow projections. These cashflow projections have been based on a forecast for the next two calendar years. This has then been extrapolated for a further 3 years.

The discount rate applied to cash flow projections is a 17.5% post tax, 24.2% pre-tax (FY18: 13.2% post tax, 18.9% pre-tax) and the cash flows beyond the next two calendar year forecasts are extrapolated using 0% growth rate (FY18: 1%) and terminal growth rate of nil.

The increase in the discount rate is due to an additional risk premium as a result of the decreased profitability during the half year and associated business risk.

(b) Accelerate amortisation and depreciation

For the half year ended 31 December 2018, the Company has assessed the useful life of Customer Relationships and Software Development costs. Due to the loss of significant customers, the Company has revisited the expected useful life of customer relationships to 30 June 2019. With Business Transformation Program (BTP) expected to be in use from the next financial year, the expected useful life of Enact related assets was reduced to 30 June 2019.

This has resulted in the acceleration of Customer Relationship amortisation and specific Software Development depreciation until the 30 June 2019.

NOTE 7: TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 Dec 2018	30 Jun 2018
	$	$
Trade payables	739,841	559,164
Other payables and accrued expenses	1,616,013	2,047,343
	2,355,854	2,606,507

NOTE 8: FINANCING INCOME / (COSTS)

	Consolidated Group	
	1H FY19 6 Months to Dec 18	1H FY18 6 Months to Dec 17
	$	$
Interest Income	2,286	3,683
Interest expense	(230,662)	(276,395)
	(228,376)	(272,712)

NOTE 9: LOANS AND BORROWINGS

	Consolidated Group	
	31 Dec 2018	30 Jun 2018
	$	$
Multi-Option Facility Agreement	5,600,000	5,100,000
Less capitalised debt establishment fees	(61,665)	(102,775)
	5,538,335	4,997,225

Energy Action has a $12 million multi-option secured debt facility expiring October 2019. Funds can be utilized in the form of loans, bank guarantees and letters of credit. Funds advanced under the facility are secured by a charge over the assets of the Group, and includes an Interest Cover and Gearing ratio.

As at 31 December 2018, Energy Action had utilised $5.84 million of the facility, comprising a loan of $5.6 million and $0.238 million bank guarantees. The carrying value of the loans and borrowings materially approximate fair value.

The Loans and Borrowings are reported as a Current Asset as at 31 December 2018. The Company has accepted a firm offer from the bank for an extension of its current facility for a period of 2 years, with a revised limit of $9 million on substantially the same terms and conditions. The offer is subject to the completion of formal documentation, which is required to be completed by 22 May 2019.

NOTE 10: TAX

	Consolidated Group	
	31 Dec 2018	30 Jun 2018
	$	$
CURRENT		
Income tax asset	23,921	56,738

NON-CURRENT

	Opening Balance $	AASB 15 & Sales Commission Expense	Adjusted Opening Balance $	Tax rate change $	Prior year adj. $	Charged to Income $	Closing Balance $
Consolidated Group							
Deferred Tax Dec 18							
Provisions	710,018	-	710,018	(58,288)	(10,564)	(82,888)	558,278
Accruals	390,473	-	390,473	(32,539)	-	(109,831)	248,103
Fixed assets	(118,675)	-	(118,675)	9,890	-	109,347	562
Customer relationships	(350,127)	-	(350,127)	29,177	-	160,475	(160,475)
Prepaid commissions	(54,153)	-	(54,153)	41	53,658	(19,286)	(19,740)
Work in progress	(259,554)	-	(259,554)	21,630	-	52,746	(185,178)
Share Based Payments	15,932	-	15,932	(1,328)	-	(12,089)	2,515
Sundry	-	-	-	-	-	35,281	35,281
Revenue not Invoiced	(2,405,130)	-	(2,405,130)	200,428	-	54,654	(2,150,048)
	(2,071,216)	-	(2,071,216)	169,011	43,094	188,409	(1,670,702)
Deferred Tax Jun 18							
Provisions	590,087	184,656	774,743	-	-	(64,725)	710,018
Accruals	214,869	257,300	472,169	-	-	(81,696)	390,473
Fixed assets	(257,607)	-	(257,607)	-	-	138,932	(118,675)
Customer relationships	(421,852)	-	(421,852)	-	-	71,725	(350,127)
Prepaid commissions	(341,232)	219,590	(121,642)	-	-	67,489	(54,153)
Work in progress	(176,498)	-	(176,498)	-	-	(83,056)	(259,554)
Share Based Payments	19,894	-	19,894	-	-	(3,962)	15,932
Sundry	-	-	-	-	-	-	-
Revenue not invoiced	-	(2,405,130)	(2,405,130)	-	-	-	(2,405,130)
	(372,339)	(1,743,584)	(2,115,923)	-	-	44,707	(2,071,216)

NOTE 11: EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic diluted earnings per share computations:

	1H FY19 6 Months to Dec 18 $	1H FY18 6 Months to Dec 17 $
Statutory Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings	(9,930,600)	2,409,496
Statutory Net Profit / (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilutions	(9,930,600)	2,409,496

	Dec 2018 No.	Dec 2017 No.
Weighted average number of ordinary shares for basic earnings per share	25,954,117	25,954,117
Effect of dilution:		
Potential issue of shares – performance rights	-	46,694
Weighted average number of ordinary shares adjusted for the effect of dilution	25,954,117	26,000,811
Basic earnings / (loss) per share (Statutory)	(38.3)	9.3
Diluted earnings/ (loss) per share (Statutory)	(38.3)	9.3

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under the accounting standards, losses are not diluted. The dilution calculation has been performed to enable users of these financial statements to determine the impact of the dilution on both statutory and Operating Profit per share. Refer also to the Directors' Report for further information on the calculation of Operating Profit.

NOTE 12: DIVIDENDS

	Consolidated Group	
	1H FY19 6 Months to Dec 18 $	1H FY18 6 Months to Dec 17 $
Dividends paid:		
Final FY18 franked dividend of 4.00 cents per share	1,038,165	-
Final FY17 franked dividend of 1.40 cents per share	-	363,358
	1,038,165	363,358

Tax rates

The tax rate at which paid dividends have been franked is 27.5% (FY18: 30%). Dividends proposed will be franked at the rate of 27.5% (FY18: 30%).

NOTE 13: ISSUED CAPITAL AND RESERVES

	Consolidated Group	
	Dec 2018 $	Dec 2017 $
Fully paid ordinary shares	6,537,906	6,537,906
	6,537,906	6,537,906

		Consolidated Group	
		1H FY19 6 Months to Dec 18 No.	1H FY18 6 Months to Dec 17 No.
a.	**Ordinary Shares (number)**		
	At the beginning of the reporting period:	25,954,117	25,954,117
	At the end of the reporting period	25,954,117	25,954,117

		Consolidated Group	
		Dec 2018 $	Dec 2017 $
b.	**Ordinary Shares ($)**		
	At the beginning of the reporting period:	6,537,906	6,537,906
	At the end of the reporting period	6,537,906	6,537,906

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 14: SHARE-BASED PAYMENT TRANSACTIONS

The share-based payment reserve is used to recognise the value of equity-settled share-based payment provided to employees.

For the six months ended 31 December 2018, the Group has reversal of ($74,567) of share-based payment transactions expense in the statement of comprehensive income (1H FY18: $36,152).

NOTE 15: FINANCIAL INSTRUMENTS

Fair Values

Fair value estimation

The carrying value of financial assets and financial liabilities is materially the same as the fair value.

The fair values of the following financial assets and liabilities have been determined based on the following methodologies and assumptions:

i. Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments whose carrying value are deemed to be equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
ii. Term receivables generally reprice to a market interest rate every 6 months, and fair value therefore approximates carrying value.
iii. Bank borrowings entered into an interest rates swap hedging instrument, fair value assessment every 6 months

Financial liabilities are classified into Levels:

Level 1 those items traded with quoted prices in active markets for identical liabilities

Level 2 those items with significantly observable inputs other than quoted process in active markets

Level 3 those with unobservable inputs

Fair Values	31 Dec 2018			30 Jun 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Liabilities						
Bank loans	-	5,538,335	-	-	4,997,225	-

NOTE 16: RELATED PARTY DISCLOSURE

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

The Group procures management services from Horizon Private Capital Partners. Nitin Singhi is director of Horizon Private Capital Partners. $33,000 was paid in FY19 1H (FY18 1H nil).

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

The consolidated entity has a multi-option loan facility of $12 million which is due to expire in October 2019. Under this facility, $5.84 million was utilised as at 31 December 2018, which is classified as a current liability as this amount is due and payable within 12 months of balance date. The consolidated entity has done, and continues to, comply with all banking covenants. The Company has accepted a firm offer from the bank for an extension of its current facility for a period of 2 years, with a revised limit of $9 million on substantially the same terms and conditions. The offer is subject to the completion of formal documentation, which is required to be completed by 22 May 2019.

The Directors will reduce their remuneration by 40% effective 1 February 2019, reducing costs by $0.126M per annum.

Michael Fahey has resigned as Chief Financial Officer/Chief Operating Officer and Tracy Bucciarelli has been appointed Chief Financial Officer. The Chief Operating Officer duties will be undertaken by existing leaders in a flatter senior leadership team structure.

On 15th February 2019, the Company has received notice from Microequities Asset Management, a substantial shareholder, that it has terminated its agreement with Mark de Kock to act as its nominee director.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Directors Declaration

In accordance with a resolution of the Directors of Energy Action Limited, I state that:

1. In the opinion of the Directors:

    a. The financial statements and notes of Energy Action Limited for the half - year ended 31 December 2018 are in accordance with the Corporations Act 2001, including:
        i. giving a true and fair view of its financial position as at 31 December 2018 and performance
        ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporation Regulations 2001

    b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1

    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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the half - year ended 31 December 2018.

On behalf of the board.

Murray Bleach
Chairman

27 February 2019

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Members of Energy Action Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Energy Action Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ryan Fisk
Partner
Sydney
27 February 2019