

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	BidEnergy Limited
ABN:	94 131 445 335
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	58.3% to	710,429
Loss from ordinary activities after tax attributable to the owners of BidEnergy Limited	up	174.4% to	(4,014,342)
Loss for the half-year attributable to the owners of BidEnergy Limited	up	174.4% to	(4,014,342)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$4,014,342 (31 December 2015: \$1,462,923). Included in the loss for the half year period is a listing fee expense amounting to \$1,245,276.

Please refer to the Directors' report in the attached financial statements for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.36</u>	<u>(1,474.92)</u>

4. Control gained over entities

Please refer to Note 3 and Note 17 to the attached financial statements.

On 1 July 2016, BidEnergy Limited (formerly Cove Resources Limited) ("BID") completed the acquisition of a provider of cloud based energy procurement systems BidEnergy Pty Ltd ("BidOperations") ("Reverse Acquisition"). The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of 'BidOperations' (the legal subsidiary) obtained accounting control of Cove Resources Limited (the legal parent).

On 24 November 2016, BidEnergy Limited acquired 100% of RealWinWin Inc. ("RWW"), a Delaware corporation ("RWW Acquisition"). The acquisition has been accounted as a Business Combination under AASB 3. The RWW business is a leading independent energy rebate capture specialist and the acquisition executes the consolidated entity's strategy of target-marketing to customers in the company's sweet spot being up-selling platform subscription services. As a data business, RWW is a highly complementary acquisition providing a significant opportunity to accelerate growth in the US market, accessing upwards of 100,000 sites through more than 100 multi-site prospects in the company's target market.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

11. Attachments

Details of attachments (if any):

The Interim Financial Report of BidEnergy Limited for the half-year ended 31 December 2016 is attached.

12. Signed

Signed 
Robert Browning
Non-Executive Chairman

Date: 28 February 2017

BidEnergy Limited

(Formerly known as Cove Resources Limited)

ABN 94 131 445 335

Interim Financial Report - 31 December 2016

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Contents
31 December 2016

Corporate directory	2
Directors' report	3
Auditor's independence declaration	6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	22
Independent auditor's review report to the members of BidEnergy Limited	23

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Corporate directory
31 December 2016

Directors	Robert Browning (Non-Executive Chairman) Stuart Allinson (Managing Director) Anthony Du Preez (Executive Director) Leanne Graham (Non-Executive Director)
Company secretary	Erlyn Dale
Registered office	Suite 5 CPC 145 Stirling Highway Nedlands, Western Australia 6009 Phone: (08) 9389 3110 Fax: (08) 9389 3199
Principal place of business	Floor 7, Suite 9, 530 Little Collins Street Melbourne, Victoria 3000 Phone: (03) 9028 8752
Share register	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace, Perth, Western Australia 6000
Auditor	RSM Australia Partners Level 21, 55 Collins St Melbourne VIC 3000
Stock exchange listing	BidEnergy Limited securities are listed on the Australian Securities Exchange (ASX code: BID and BIDO)

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Directors' report
31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of BidEnergy Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were directors of BidEnergy Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robert Browning (Non-Executive Chairman) (appointed 1 July 2016)
Stuart Allinson (Managing Director) (appointed 1 July 2016)
Anthony Du Preez (Executive Director) (appointed 1 July 2016)
Leanne Graham (Non-Executive Director) (appointed 28 July 2016)
Winton Willesee (Executive Chairman) (resigned 1 July 2016)
Erlyn Dale (Non-Executive Director) (resigned 1 July 2016)
Marcus Gracey (Non-Executive Director) (resigned 1 July 2016)

Principal activities

During the financial half-year the principal continuing activities of the Consolidated Entity consisted of:

- Carrying on its business as a provider of energy spend management and procurement services to high energy use customers through the deployment of its proprietary cloud-based automated platform.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$4,014,342 (31 December 2015: \$1,462,923).

Included in the loss for the half year period is a listing fee expense amounting to \$1,245,276.

Financial Position

The net assets of the Consolidated Entity increased by \$6,791,223 to \$7,158,164 as at 31 December 2016 (30 June 2016: \$366,941). The increase in net assets was mostly due to the acquisitions discussed at Notes 3 and 17.

Working capital, being current assets less current liabilities, was \$5,807,951 (30 June 2016: \$345,314). The Consolidated Entity had negative cash flows from operating activities for the period of \$2,899,400 (31 December 2015: \$958,691). The total net cash increase during the financial half-year amounted to \$3,657,342 (31 December 2015: negative cash flow \$964,177), largely due to the cash acquired in the reverse acquisition described at Note 3.

Significant changes in the state of affairs

Completion of Reverse Acquisition Transaction

On 1 July 2016, the Company announced that it had completed the acquisition of BidEnergy Pty Ltd ("BidOperations") (the "Reverse Acquisition") in accordance with shareholder approvals obtained at a General Meeting of the Company held on 20 May 2016 and pursuant to the Prospectus dated 29 April 2016.

The following securities were issued upon settlement of the Reverse Acquisition on 1 July 2016:

- 201,396,700 Fully Paid Ordinary Shares, together with 35,000,000 Class A Performance Shares, 35,000,000 Class B Performance Shares, 10,798,670 New Series A Options, 9,243,759 New Series B Options and 23,514,921 New Series B Follow-On Options were issued to the vendors of BidOperations as consideration for the acquisition of 100% of their securities in BidOperations;
- 70,000,000 Shares were issued to investors who participated in a concurrent public offer at an issue price of \$0.10 each to raise \$7,000,000 (before costs);
- 11,060,722 Performance Rights were issued to certain employees under the Company's Long Term Incentive Plan; and

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Directors' report
31 December 2016

- 25,000,000 Advisor Options to the Lead Managers, Cygnet Capital Pty Ltd and Canaccord Genuity (Australia) Ltd, who facilitated the introduction of the Reverse Acquisition to the Company.

On 11 July 2016, the Company (formerly known as Cove Resources Limited) changed its name to BidEnergy Limited and on 20 July 2016 its securities commenced trading on the ASX under the code "BID".

The Reverse Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations (see Note 3).

Acquisition of RealWinWin

On 24 November 2016, the Company acquired a leading independent energy rebate capture business, Philadelphia-based RealWinWin ("RWW") ("RWW Acquisition").

The consideration payable under the RWW Acquisition is structured as follows:

a) *Upfront Consideration* comprised of:

(i) US\$220,000 cash;

(ii) 8,682,331 BidEnergy shares ("Closing Shares") (6,752,924 of which were issued at closing and 1,929,407 of which were issued in January 2017). The Closing Shares were issued at an issue price of \$0.07 per share, being equal to the volume weighted average price ("VWAP") of BidEnergy shares traded on the ASX during the 5-day period immediately prior to closing of the Acquisition ("Closing VWAP") and representing a total value of US\$450,000; and

(iii) 3,858,814 unlisted options exercisable at \$0.07 from 24 November 2017 until the expiry date of 24 November 2021 ("Closing Options") were issued at closing.

b) *Earn-out Consideration* which is subject to the achievement of agreed rebate revenue targets, and is calculated with reference to the Annual Contract Value of BidEnergy subscription services sold by re-hired RWW employees to existing and future customers of the RWW business.

The Earn-out Consideration will be calculated over two consecutive terms, being:

(i) From 24 November 2016 to 31 December 2017, with Earn-out Consideration payable no later than 31 March 2018; and

(ii) From 1 January 2018 to 31 December 2018, with Earn-out Consideration payable no later than 31 March 2019.

The RWW acquisition has been accounted for as a business combination under AASB3 Business Combinations (see Note 17).

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Directors' report
31 December 2016

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Robert Browning', written over a horizontal line.

Robert Browning
Non-Executive Chairman

28 February 2017

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of BidEnergy Limited for the half year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

28 February 2017
Melbourne, VIC

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

		Consolidated	
		31 December 2016	31 December 2015
	Note	\$	\$
Revenue	5	710,429	448,831
Other income	6	28,005	120,787
Expenses			
Third party support costs		(238,123)	-
Employee benefits expense		(2,026,337)	(1,059,827)
Listing fees		(1,245,276)	-
Administration expense		(681,168)	(276,312)
Marketing expense		(342,449)	(187,046)
Occupancy expense		(130,813)	(51,136)
Travel expense		(133,221)	(136,498)
Depreciation and amortisation		(19,654)	(7,265)
Interest - preference shares		-	(314,457)
Loss before income tax benefit		(4,078,607)	(1,462,923)
Income tax benefit		64,265	-
Loss after income tax benefit for the half-year attributable to the owners of BidEnergy Limited		(4,014,342)	(1,462,923)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(19,899)	-
Other comprehensive income for the half-year, net of tax		(19,899)	-
Total comprehensive income for the half-year attributable to the owners of BidEnergy Limited		(4,034,241)	(1,462,923)
		Cents	Cents
Basic earnings per share	19	(1.24)	(2,770.69)
Diluted earnings per share	19	(1.24)	(2,770.69)

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

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Statement of financial position
As at 31 December 2016

		Consolidated	
		31 December	
	Note	2016	30 June 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,281,984	2,624,642
Trade and other receivables	7	437,352	128,768
Other	8	362,314	6,461
Total current assets		<u>7,081,650</u>	<u>2,759,871</u>
Non-current assets			
Property, plant and equipment	9	22,006	19,976
Intangibles	10	2,712,977	-
Deferred tax asset		30,881	-
Other	11	41,045	26,318
Total non-current assets		<u>2,806,909</u>	<u>46,294</u>
Total assets		<u>9,888,559</u>	<u>2,806,165</u>
Liabilities			
Current liabilities			
Trade and other payables	12	703,465	208,174
Provisions	13	149,207	107,225
Other	14	421,027	2,099,158
Total current liabilities		<u>1,273,699</u>	<u>2,414,557</u>
Non-current liabilities			
Deferred tax liabilities		357,456	-
Provisions	13	28,847	24,667
Other	15	1,070,393	-
Total non-current liabilities		<u>1,456,696</u>	<u>24,667</u>
Total liabilities		<u>2,730,395</u>	<u>2,439,224</u>
Net assets		<u>7,158,164</u>	<u>366,941</u>
Equity			
Issued capital	16	15,897,045	2,892,079
Reserves		586,911	2,786,312
Accumulated losses		(9,325,792)	(5,311,450)
Total equity		<u>7,158,164</u>	<u>366,941</u>

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

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Statement of changes in equity
For the half-year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2015	400,060	(2,008,670)	2,292,783	684,173
Loss after income tax expense for the half-year	-	(1,462,923)	-	(1,462,923)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(1,462,923)	-	(1,462,923)
Balance at 31 December 2015	<u>400,060</u>	<u>(3,471,593)</u>	<u>2,292,783</u>	<u>(778,750)</u>
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Consolidated				
Balance at 1 July 2016	2,892,079	(5,311,450)	2,786,312	366,941
Loss after income tax benefit for the half-year	-	(4,014,342)	-	(4,014,342)
Other comprehensive income for the half-year, net of tax	-	-	(19,899)	(19,899)
Total comprehensive income for the half-year	-	(4,014,342)	(19,899)	(4,034,241)
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of Convertible Redeemable Preference Shares in vendor	4,576,827	-	(2,508,785)	2,068,042
Deemed value of shares deemed to be issued to existing Cove Resources Limited (legal parent) shareholders on acquisition date	1,375,434	-	-	1,375,434
Capital Raising	7,000,000	-	-	7,000,000
Costs of Capital Raising	(420,000)	-	-	(420,000)
Shares issued for RWW Acquisition (Note 17)	472,705	-	-	472,705
Share based payments for RWW Acquisition (Note 17)	-	-	270,116	270,116
Share based payments to employees	-	-	59,167	59,167
Balance at 31 December 2016	<u>15,897,045</u>	<u>(9,325,792)</u>	<u>586,911</u>	<u>7,158,164</u>

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

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Statement of cash flows
For the half-year ended 31 December 2016

		Consolidated	
		31 December	31 December
	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from customers		1,034,493	519,513
Payments to suppliers and employees		(3,961,898)	(1,598,540)
Receipts from other income		-	100,000
Interest received		28,005	20,787
Finance costs paid		-	(451)
Net cash used in operating activities		<u>(2,899,400)</u>	<u>(958,691)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(11,737)	(5,486)
Payments for intangibles (software)	10	(462,508)	-
Cash acquired on reverse acquisition (net of transaction costs)	3	7,386,987	-
Cash paid for business acquisition, net of cash acquired	17	<u>(356,000)</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>6,556,742</u>	<u>(5,486)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		3,657,342	(964,177)
Cash and cash equivalents at the beginning of the financial half-year		<u>2,624,642</u>	<u>2,395,879</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>6,281,984</u></u>	<u><u>1,431,702</u></u>

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

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 1. General information

The financial statements cover BidEnergy Limited as a consolidated entity consisting of BidEnergy Limited and the entities it controlled at the end of, or during, the half-year period ended 31 December 2016. The financial statements are presented in Australian dollars, which is BidEnergy Limited's functional and presentation currency.

BidEnergy Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Its registered office is located at Suite 5 CPC, 145 Stirling Highway, Nedlands WA 6009 and its principal place of business is located at Floor 7, Suite 9, 530 Little Collins Street, Melbourne, Victoria 3000.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with financial report for BidEnergy (Operations) Pty Ltd (formerly BidEnergy Pty Ltd) for year ended 30 June 2016, released on the ASX on 1 February 2017, and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The comparative information in the consolidated statement of profit or loss and other comprehensive income has been reclassified from a functional presentation of operations to a classification of revenue and expenses based on the nature of the transactions.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the half-year ended 31 December 2016, the Consolidated Entity made a loss after tax of \$4,014,342 (December 2015: \$1,462,923 loss) and had net operating cash outflows of \$2,899,400 (December 2015: \$958,691 outflow). The cash balance as at 31 December 2016 was \$6,281,984 (30 June 2016: \$2,624,642).

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors continue to monitor the ongoing funding requirements of the Consolidated Entity and believe that there are sufficient funds to meet the Consolidated Entity's working capital requirements and as at the date of this report. The Directors are confident that sufficient growth can be secured through subscription fees to be received from the Company's revenue streams and that the Consolidated Entity will receive additional research and development tax incentive rebates during the coming years as it continues to develop its platforms. In the event that additional working capital is required, the Directors are confident that additional working capital can be secured through other funding mechanisms, such as debt or equity funding to enable the Consolidated Entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Note 3. Reverse acquisition

On 1 July 2016, BidEnergy Limited (formerly Cove Resources Limited) ("BidEnergy") completed the acquisition of a provider of cloud based energy procurement systems BidEnergy Pty Ltd ("BidOperations") (" Reverse Acquisition"). The Reverse Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of 'BidOperations' (the legal subsidiary) obtained accounting control of Cove Resources Limited (the legal parent).

The Reverse Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as the acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business combination within the scope of AASB 3. Instead the Reverse Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (BidOperations) and the fair value of the accounting acquiree's (BidEnergy (formerly Cove Resources Limited)) identifiable net assets represents a service received by BidOperations, including payment for a service of an ASX stock exchange listing which will be expensed through the Consolidated Entity's profit and loss statement in the 2017 financial year.

Accordingly the consolidated financial report of BidEnergy has been prepared as a continuation of the business and operations of BidOperations. As the deemed accounting acquirer, BidOperations has accounted for the acquisition from 1 July 2016.

The impact of the reverse asset acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income:

- The statement for the period ended 31 December 2016 comprises 6 months of operating results of Cove Resources Limited and 6 months of BidOperations from the acquisition date of 1 July 2016.
- The statement for the period to 31 December 2015 comprises 6 months of BidOperations.

Consolidated statement of financial position:

- The consolidated statement of financial position at 31 December 2016 represents BidOperations and Cove Resources Limited assets and liabilities as at that date.
- The consolidated statement of financial position at 30 June 2016 represents BidOperations' assets and liabilities as at that date.

Consolidated Statement of changes in equity:

- The consolidated statement of changes in equity for the period ended 31 December 2016 comprises BidOperations and Cove Resources balance at 1 July 2016, its loss for the 6 months and transactions with equity holders for 6 months.
- The consolidated statement of changes in equity for the period ended 30 June 2016 comprises 6 months of BidOperations. Cove Resources had already finalised their annual report prior the acquisition.

Consolidated Statement of cash flows:

- The consolidated cash flow statement for the period ended 31 December 2016 comprises the cash balances of BidOperations, as at 30 June 2016, the cash transactions for the 6 months to 31 December 2016 (and 6 months for Cove Resources Limited and the cash balance of BidOperations and Cove Resources Limited at 31 December 2016.)
- The consolidated cash flow statement for the period ended 31 December 2015 comprises 6 months of BidOperations cash transactions.

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 3. Reverse acquisition (continued)

References throughout the financial statements to “reverse acquisition” are in reference to the above accounting treatment.

Listing Fee Expense on reverse acquisition

BidOperations is deemed to have made a share-based payment for a service of an ASX stock exchange listing which is expensed through the Consolidated Entity's profit and loss statement for the half year ended December 2016.

Deemed consideration paid by BidOperations \$1,375,434

Fair Value of Nets Assets acquired in Cove Resources Limited on reverse acquisition:

Cash and cash equivalents	\$7,386,987 (cash acquired in reverse acquisition)
Trade and other receivables	\$143,181
Prepayments	\$420,000
Trade and other payables	(\$674,734)
Prospectus funds received in advance of share issue	(\$7,000,000)
Net Assets Acquired	<u>\$275,434</u>

Listing expense recognised on Reverse Acquisition \$1,100,000 (excluding other transaction costs) Other listing expense transactions costs amounted to \$145,276 which resulted in the total listing fee expense of \$1,245,276.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 4. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into two operating segments based on its business activities in Australia and the USA. The USA operations relate to the recent acquisition discussed at Note 17. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the last annual financial statements of the Combined entity.

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 4. Operating segments (continued)

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Combined entity as a whole and are not allocated. Segment liabilities include trade and other payables.

For the period ended 31 December 2016

	Australia	USA	Total
Revenue			
Platform subscription fees	502,736	560	503,297
Non-subscription revenue	44,855	-	44,855
RWW rebate revenue	-	162,277	162,277
Interest	28,005	-	28,005
Total revenue	575,596	162,837	738,433
Cost of sales	-	-	-
Third party support costs	(238,124)	-	(238,124)
Administration expense	(440,519)	(240,649)	(681,168)
Employee benefits expense	(1,469,828)	(556,509)	(2,026,337)
Marketing expense	(151,491)	(190,958)	(342,449)
Travel expense	(125,515)	(7,706)	(133,221)
Occupancy expense	(103,525)	(27,288)	(130,813)
Listing fees	(1,245,275)	-	(1,245,275)
EBITDA	(3,198,680)	(860,273)	(4,058,953)
Amortisation intangibles	(9,707)	(9,947)	(19,654)
Loss before income tax expense			(4,078,607)
Income tax benefit			64,265
Loss after income tax benefit			(4,014,342)

As at 31 December 2016

Total Assets	7,031,389	2,857,170	9,888,559
Total Liabilities	1,108,365	1,622,030	2,730,395
Net Assets	5,923,024	1,235,140	7,158,164

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

For the period ended 31 December 2015

	Australia	USA	Total
Revenue			
Platform subscription fees	260,819	-	260,819
Non-subscription revenue	188,012	-	188,012
RWW rebate revenue	-	-	-
Option fee	100,000	-	100,000
Interest	20,787	-	20,787
Total revenue	569,618	-	569,618
Cost of sales	-	-	-
Third party support costs	-	-	-
Administration expense	(276,312)	-	(276,312)
Employee benefits expense	(1,059,827)	-	(1,059,827)
Marketing expense	(187,046)	-	(187,046)
Travel expense	(136,498)	-	(136,498)
Occupancy expense	(51,136)	-	(51,136)
Interest – preference shares	(314,457)	-	(314,457)
Listing fees	-	-	-
EBITDA	(1,455,658)	-	(1,455,658)
Amortisation intangibles	-	-	(7,265)
Loss before income tax expense	-	-	(1,462,923)
Income tax expense	-	-	-
Loss after income tax expense	-	-	(1,462,923)
As at 31 December 2015			
Total Assets	2,806,165	-	2,806,165
Total Liabilities	2,439,224	-	2,439,224
Net Assets	366,941	-	366,941

Note 5. Revenue

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Platform subscription fees	503,297	260,819
Non-subscription revenue	44,855	188,012
RWW Rebate Revenue	162,277	-
Revenue	<u>710,429</u>	<u>448,831</u>

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 6. Other income

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Interest	28,005	20,787
Option fee	-	100,000
Other income	<u>28,005</u>	<u>120,787</u>

Note 7. Current assets - trade and other receivables

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Trade receivables	497,141	210,340
Less: Provision for impairment of receivables	(59,789)	(81,572)
	<u>437,352</u>	<u>128,768</u>

Note 8. Current assets - other

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Prepayments	69,312	6,461
Work-in-progress	293,002	-
	<u>362,314</u>	<u>6,461</u>

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Office equipment - at cost	65,221	53,484
Less: Accumulated depreciation	(43,215)	(33,508)
	<u>22,006</u>	<u>19,976</u>

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 10. Non-current assets - intangibles

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Goodwill - at cost	1,536,629	-
Software - at cost	578,949	-
Less: Accumulated amortisation	(3,236)	-
	575,713	-
Other intangible assets - at cost	600,635	-
	2,712,977	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Other	Software	Total
	\$	intangibles	\$	\$
		\$		
Consolidated				
Balance at 1 July 2016	-	-	-	-
Additions through business combinations (note 17)	1,536,629	607,346	116,441	2,260,416
Additions separately acquired	-	-	462,508	462,508
Amortisation	-	(6,711)	(3,236)	(9,947)
Balance at 31 December 2016	1,536,629	600,635	575,713	2,712,977

Note 11. Non-current assets - other

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Other deposits	41,045	26,318

Note 12. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Trade payables	321,637	99,964
Accrued expenses	38,004	-
Other payables	343,824	108,210
	703,465	208,174

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 13. Provisions

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Current liabilities - Annual leave	149,207	107,225
Non-current liabilities – Long service leave	28,847	24,667

Note 14. Current liabilities - other

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Convertible note liability	-	2,068,042
Deferred revenue	231,237	31,116
Equity instruments (1,929,407 ordinary shares – issued January 2017 for RWW acquisition; Note 17)	135,058	-
Other current liabilities	54,732	-
	<u>421,027</u>	<u>2,099,158</u>

Note 15. Non-current liabilities - other

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Contingent consideration (Note 17)	1,002,804	-
Deferred consideration (Note 17)	67,589	-
	<u>1,070,393</u>	<u>-</u>

Note 16. Equity - issued capital

	Consolidated			
	31 December	30 June 2016	31 December	30 June 2016
	2016	2016	2016	2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>327,909,275</u>	<u>66,446</u>	<u>15,897,045</u>	<u>2,892,079</u>

Due to the reverse acquisition described in Note 3, the contributed equity represents that of accounting acquirer while the shares on issue reflect the legal parent.

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2016	66,446		2,892,079
	1 July 2016	(66,446)	\$0.00	-
Conversion of Convertible Redeemable Preference Shares in vendor	1 July 2016	-	\$0.00	4,576,827
Deemed value of shares deemed to be issued to existing Cove Resources Limited (legal parent) shareholders on acquisition date	1 July 2016	49,759,651	\$0.03	1,375,434
Share issue to vendors of BidOperations	1 July 2016	201,396,700	\$0.00	-
Capital Raising	1 July 2016	70,000,000	\$0.10	7,000,000
Costs of Capital Raising	1 July 2016	-		(420,000)
Shares issued for RWW Acquisition (Note 17)	24 November 2016	6,752,924	\$0.07	472,705
Balance	31 December 2016	<u>327,909,275</u>		<u>15,897,045</u>

Note 17. Business combinations

On 24 November 2016, BidEnergy Limited acquired 100% of the business of RealWinWin Inc. ("RWW"), a Delaware corporation ("RWW Acquisition"). The RWW Acquisition has been accounted as a Business Combination under AASB 3. The RWW business is a leading independent energy rebate capture specialist and the acquisition executes the Consolidated Entity's strategy of target-marketing to customers in the Company's sweet spot being up-selling platform subscription services. As a data business, RWW is a highly complementary acquisition providing a significant opportunity to accelerate growth in the US market, accessing upwards of 100,000 sites through more than 100 multi-site prospects in the Company's target market.

The provisional fair values of the identifiable net assets acquired are detailed below:

	Fair value \$
Trade receivables	62,727
Other assets	463,303
Deferred tax asset	30,881
Intangible asset – Customer list	155,414
Intangible asset – Brand Name RWW	451,932
Intangible asset - Software	116,441
Trade and other payables	(68,635)
Provisions	(22,469)
Deferred tax liability	(421,951)
Net assets acquired	767,643
Goodwill	1,536,629
Acquisition-date fair value of the total consideration transferred	<u>2,304,272</u>

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Notes to the financial statements
31 December 2016

Note 17. Business combinations (continued)

	Consolidated 31 December 2016 \$
Cash paid	356,000
Deferred consideration – cash payment due in January 2018 (USD 50,000)	67,589
Equity instruments (3,858,814 unlisted options exercisable at A\$0.07 from 24 November 2017 until the expiry date of 24 November 2021)	270,116
Equity instruments (6,752,924 ordinary shares – Issued - Nov 2016)	472,705
Equity instruments (1,929,407 ordinary shares – Issued Jan 2017)	135,058
Contingent consideration	<u>1,002,804</u>
Total consideration transferred	<u><u>2,304,272</u></u>

i. Consideration transferred

The fair value of the ordinary shares issued was based on a deemed issue price of \$0.07 per ordinary share, being equal to the volume weighted average price ("VWAP") of the Company's shares traded on the ASX during the 5-day period immediately prior to closing of the RWW Acquisition.

The fair value of the unlisted options was determined using the Black-Scholes option pricing model using an underlying share price volatility of 95%.

The ordinary shares and unlisted options are subject to voluntary escrow until 24 November 2017. Ordinary shares issued in January 2017 will subject to voluntary escrow for a period of 12 months from the date of issue, i.e. 13 January 2018.

Any shares issued as part of the contingent consideration will be fully paid ordinary shares and subject to voluntary escrow for a period of 12 months from the date of issue.

Deferred consideration of \$67,589 (USD 50,000) is payable in January 2018 and the fair value as at 31 December has been determined by using a discount rate of 1.22%.

ii. Contingent consideration

The contingent consideration is ascertained over two consecutive terms (earn-out period), being:

- (i) From 24 November 2016 to 31 December 2017, with the contingent consideration payable no later than 31 March 2018; and
- (ii) From 1 January 2018 to 31 December 2018, with the contingent consideration payable no later than 31 March 2019.

The contingent consideration payable to the vendors of RWW is based on the annual contract value of the Company's existing subscription services sold by RWW during the earn-out period. Based on a range of probable outcomes and scenarios, the Company has assessed that the fair value of contingent consideration payable as at 31 December 2016 is \$1,002,804 (USD 732,889).

The contingent consideration payable during the earn-out period will be through the issue of ordinary shares in the capital of the Company where the fair value of the shares issued will be the higher of A\$0.07 and the VWAP of shares traded on the ASX during the 5-day period immediately prior to the public release of the Consolidated Entity's December 31 financial results. Any shares issued as part of the contingent consideration will be fully paid ordinary shares and subject to voluntary escrow for a period of 12 months from the date of issue.

Note 17. Business combinations (continued)

iii. Acquisition related costs

Acquisition-related costs amounting to \$73,129 are not included as part of consideration for the acquisition and have been recognised as transaction costs. These costs have been included within general and administrative expenses in the profit and loss statement.

iv. Identifiable net assets

The fair value of the trade receivables acquired as part of the business combination amounted to \$62,727 (USD 45,843). As of the acquisition date, the Company's best estimate is that all cash will be collected.

v. Goodwill

Goodwill of \$1,536,629 was primarily recognised due the acquisition providing the Company a significant opportunity to accelerate growth in the US market.

The Consolidated Entity operates two operating segments and goodwill was allocated to a USA segment and cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

vi. Contribution to the Consolidated Entity's result

RWW contributed revenues of \$162,837 from the date of the acquisition to 31 December 2016.

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 19. Earnings per share

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Loss after income tax attributable to the owners of BidEnergy Limited	<u>(4,014,342)</u>	<u>(1,462,923)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>322,550,977</u>	<u>52,800</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>322,550,977</u>	<u>52,800</u>
	Cents	Cents
Basic earnings per share	(1.24)	(2,770.69)
Diluted earnings per share	(1.24)	(2,770.69)

BidEnergy Limited
(Formerly known as Cove Resources Limited)
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Robert Browning', written over a horizontal line.

Robert Browning
Non-Executive Chairman

28 February 2017

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BIDENERGY LIMITED

We have reviewed the accompanying half-year financial report of BidEnergy Limited ("the Company") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated 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.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its 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 BidEnergy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

28 February 2017
Melbourne, VIC