Ecosave Holdings Ltd
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29 August 2014

Company Announcements
ASX Limited
Exchange Centre
Level 6
20 Bridge Street
Sydney, NSW, 2000

Dear Sirs

Re: Preliminary Annual Report – Appendix 4E

We attach Ecosave's Preliminary Annual Report – Appendix 4E for immediate release to the Market.

Yours sincerely

Robin Archibald
Company Secretary and COO
Ecosave Holdings Limited

Att: Appendix 4E

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Castle Hill NSW 2154
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34 Redland Drive
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AUSTRALIA

Brisbane
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32 Turbot Street
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3 Crescent Drive, Suite 110
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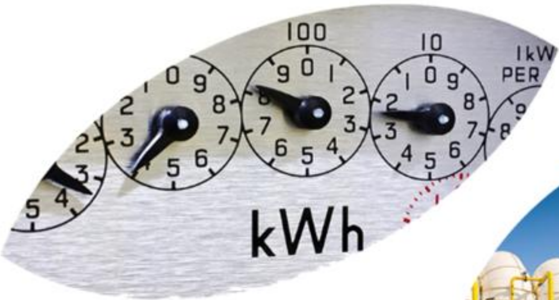
PRELIMINARY ANNUAL REPORT 2014

Year Ended 30 June 2014

Ecosave Holdings Limited ABN 77 160 875 016



PRELIMINARY ANNUAL REPORT 2014

Year Ended 30 June 2014

Ecosave Holdings Limited ABN 77 160 875 016

Chairman's LETTER

Chairman's Letter

Fellow shareholders,

I am pleased to introduce Ecosave's second Preliminary Annual Report as a publicly listed company.

The past year has witnessed two critical transitions for Ecosave. Firstly, we have begun the shift from a project-based company to one that builds annuity revenues through our innovative Ecosave Service Agreements (ESAs). Secondly, we have successfully entered the highly prospective North American market, through acquisition and the establishment of a new business unit.

Our losses in this period show these transitions do not come without a cost, but we believe the costs will be worth it. The strategic transitions we have made are already building a platform for the company's sustainable and profitable future growth. For example, our combined delivered revenue and backlog for FY15 to date of $15.1M already exceeds the total revenue delivered for FY14.

Projects to Annuities

Since I established the Ecosave business in 2002, we have been primarily a project-based company that saves businesses and organisations money by reducing their energy consumption. During that period, we developed leading expertise in holistic energy and water conservation solutions and services. Despite being profitable for all eleven of those years, the project based nature of the business created significant variations in revenue and profitability. The lack of ongoing contracted revenue streams made revenues and profits very difficult to forecast.

To overcome these challenges, Ecosave developed the concept of "Energy Efficiency as a Service" and delivered that as a market offering in the form of the Ecosave Service Agreement (ESA). From a client's perspective, ESAs are a way of guaranteeing energy savings that more than cover Ecosave's service fee. From Ecosave's perspective, ESAs give us guaranteed annuity income - contracts signed to date have been of up to 15 years in duration. They also give us new revenue streams such as equipment maintenance services, interest income, contract management fees and long-term Utility Management service contracts.

Our gathering transition into an annuity revenue business is evidenced by our having already signed seven ESAs across the three countries in which we operate. We consider this a great achievement.

A year of transition

As evidenced by the losses in our financial results this year, such transitions do not come without challenges. Changing our business model has considerably extended sales cycles. Part of this longer closing cycle is attributable to educating our customers on our innovative model for delivering energy efficiency.

Additional challenges came in FY14 from changes to the Victoria Government Greener Government Building Program which caused delays and project size shrinkage to Energy Performance Contracts that affected our Australian operations. We also incurred losses in the start-up of our newly created Ecosave Energy Efficiency business in the USA.

But despite these challenges, we experienced 32% revenue growth due to our July 2013 acquisition of Philadelphia, USA based DVL Automation, now renamed to Ecosave Automation. I am happy to report that the integration of Ecosave Automation has been successful and our USA business units (Ecosave Efficiency and Ecosave Automation) are working well as an integrated whole.

Industry Update

It is an exciting time in the energy efficiency industry internationally, and the Directors of Ecosave believe that the demand for energy conservation services is likely to grow as energy prices continue to place pressure on the cost of doing business.

Since Ecosave's entry into the North American market in 2013, we have seen continued strength in the US economy and interest in our energy efficiency services continues to outpace our capacity to scope and deliver solutions. We have seen the profile of energy efficiency continue to increase in both the Government and Private sectors. One example of this is the new US Federal Government target of reducing CO_2 emissions from stationary power generation by 30%.

Australia

The energy efficiency market in Australia has experienced some setbacks over the last year, such as changes to the funding arrangements of the Victoria Government Greener Government Building Program (now the Efficient Government Buildings Program) and the Federal government reversal of the carbon trading scheme and related energy efficiency subsidies for the manufacturing sector.

Due to the above regulatory changes, the revenue our Australian operations anticipated from Energy Performance Contracts (EPCs) in FY14 was delayed, resulting in a significant loss in our Australian operations for 2014 from carrying the staff costs to deliver these EPCs. Ecosave has now materially reduced our Australian overhead costs by transferring 8 staff to our US Ecosave Efficiency business and cutting further staff to improve operating performance in the coming year.

Investment in energy efficiency continues and opportunities remain solid. The New South Wales Government's Energy Efficiency Action Plan was launched during the year with momentum in this program continuing to build. Ecosave was successful in being shortlisted as one of the three companies to tender for both of the first two Energy Performance Contracts of this new NSW Government program.

Demand for energy efficiency services is increasing in the New Zealand market. In 2013 Ecosave became a member of the Energy Efficiency and Conservation Authority's panel to access energy efficiency funding support for projects. During 2014 Ecosave has leveraged this arrangement to develop a significant pipeline of projects across New Zealand.

Growth

Ecosave continues to pursue both organic growth and growth through acquisitions. In July 2013 Ecosave acquired a Philadelphia, PA, US based building controls company, DVL Automation (DVLA). DVLA's building controls skill sets, and the software tools they have developed to better identify energy wastage in buildings, will allow Ecosave to achieve 5-10 % more savings for our clients than presently delivered.

The company has been re-named Ecosave Automation, and we have transferred their expertise and services to the Australian market so that Ecosave can offer our Australian clients an energy efficiency building controls solution that we believe to be unique – achieving savings that were previously unavailable.

Our US operations now include the Ecosave Efficiency business, utilising the expertise of our Australian team to deliver Guaranteed Energy Savings outcomes in Eastern US. Although this business posted an expected loss for FY2014, we have secured 3 major contracts, with a growing pipeline of work and further opportunities developing faster than we can resource.

I would like to thank our Board and Senior Management team for their insight and dedication, and our staff for their ongoing energy and expertise which has helped us move the business through these transitions and position us for the future.

Our extensive growth plans involve increasing our offerings to cover every piece of the energy services puzzle, in every market in which we operate and to continue building the number of Ecosave Service Agreements on our books.

Marcelo J Rouco
Chairman
29 August 2014

Appendix 4E

Appendix 4E – Preliminary Final Report
Results for Announcement to the Market

1. Reporting period

- The current reporting period is the financial year from 1 July 2013 to 30 June 2014
- The prior comparative reporting period is the financial year from 1 July 2012 to 30 June 2013
- The financial reports for the current and prior financial years have been prepared in accordance with AIFRS.
- The financial reports are prepared in Australian dollars.

2. Results for announcement to the market

	2014 $000	2013 $000	% Change
Revenue from ordinary activities	14,881	11,264	32%
Profit / (Loss) Before Tax from Trading Activities	(4,388)	2,414	-282%
Listing, Compliance, Board and Corporate Costs	(762)	(1,047)	
Total Profit / (Loss) Before Tax	(5,150)	1,367	
Less Income Tax (Expense) / Benefit	1,418	(404)	
Profit / (Loss) After Tax	(3,732)	963	-487%
Add Other Comprehensive Income	(276)	286	
Net Total comprehensive income for the year attributable to owners of the parent entity	(4,008)	1,249	-421%

	Amount per share cents	Franked amount per share cents
Dividends		
Final	-	-
Interim	-	-
Record date for determining entitlements to dividends:	Not Applicable	

3. Condensed consolidated income statement

	2014 $000	2013 $000
Continuing operations		
Sales revenue	14,881	11,264
Cost of sales	(10,253)	(4,839)
Gross profit	4,628	6,425
Other income	202	273
Marketing expenses	(323)	(213)
Occupancy expenses	(806)	(482)
Motor vehicle expenses	(400)	(98)
Employee benefits expenses	(6,129)	(3,316)
Other expenses	(2,322)	(768)
Profit / (loss) from ordinary activities before income tax	(5,150)	1,821
IPO and ASX listing costs	-	(454)
Profit / (loss) before income tax	(5,150)	1,367
Less income tax (expenses) / benefits	1,418	(404)
Profit / (loss) after tax for the year attributable to owners of the parent entity	(3,732)	963
Other comprehensive income (items that may be reclassified subsequently to profit or loss)		
Exchange differences on translation of foreign operations	(276)	286
Income tax on items of other comprehensive income	-	-
Total comprehensive income for the year attributable to owners of the parent entity	(4,008)	**1,249**
Earnings per share		
Basic earnings per share (cents)	(0.13)	0.04
Diluted earnings per share (cents)	(0.13)	0.04

Revenue

	2014 $000	2013 $000
Revenue		
Sales revenue	14,881	11,264
Other revenue		
Interest received	75	110
Rental income	8	20
Profit on sale of non-current assets	23	134
Others	96	9
Total other revenue	202	273
Total revenue	**15,083**	**11,537**

Expenses

	2014 $000	2013 $000
Employee benefits expense		
Salaries	5,108	2,591
Superannuation	269	227
Provision for employee entitlements	(17)	77
Share-based payments	19	79
Other employee benefit expenses	750	342
	6,129	3,316
Depreciation and amortisation		
Depreciation	351	113
Amortisation of development cost	11	28
	362	141
Other Expenses		
Rental expenses on operating leases	426	238
IPO and ASX Listing Costs	-	454
Other expenses	1,534	275

4. Condensed consolidated balance sheet

	2014 $000	2013 $000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,337	5,589
Trade and other receivables	4,126	6,785
Inventories	266	223
Other current assets	553	120
TOTAL CURRENT ASSETS	**8,282**	**12,717**
NON-CURRENT ASSETS		
Property, plant and equipment	940	669
Investments in Associate	5	-
Deferred tax assets	2,013	458
Goodwill	3,310	-
Intangible assets	223	221
Other non-current assets	423	68
TOTAL NON-CURRENT ASSETS	**6,914**	**1,416**
TOTAL ASSETS	**15,196**	**14,133**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,941	3,994
Borrowings	16	495
Current tax liabilities	347	805
Provisions	321	161
Other Current Liabilities	607	-
TOTAL CURRENT LIABILITIES	**6,232**	**5,455**
NON-CURRENT LIABILITIES		
Borrowings	1,340	-
Provisions	22	10
TOTAL NON-CURRENT LIABILITIES	**1,362**	**10**
TOTAL LIABILITIES	**7,594**	**5,465**
NET ASSETS	**7,602**	**8,668**
EQUITY		
Issued capital	8,946	4,933
Reserves	10	286
Retained earnings	(1,354)	3,449
TOTAL EQUITY	**7,602**	**8,668**

5. Condensed consolidated statement of cash flows

	2014 $000	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,423	11,993
Payments to suppliers and employees	(17,098)	(10,073)
Interest received	75	110
Interest paid	(99)	(4)
Income tax paid	(586)	(449)
Net cash (used in) / provided by operating activities	(1,285)	1,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(300)	(126)
Payment for acquisition of business	(2,717)	(249)
Net cash (used in) / provided by operating activities	(3,017)	(375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,096	5,000
Payment for share issue costs	(386)	(598)
Buy back of shares	(4)	(690)
Proceeds from borrowings	(443)	(2)
Dividends paid	(1,087)	-
Net cash (used in) / provided by financing activities	2,176	3,710
Effect of exchange rate changes on cash	(126)	-
Net (decrease) / increase in cash held	(2,252)	4,912
Cash and cash equivalents at beginning of financial year	5,589	677
Cash and cash equivalents at end of financial year	**3,337**	**5,589**

Notes to the condensed consolidated statement of cash flows

Cash and Cash Equivalents		
Cash at bank and on hand	2,973	5,242
Short-term bank deposits	364	347
	3,337	**5,589**

6. Dividends

Amount per security		Amount per security cents	Franked amount per security at 30% tax cents	Amount per security of foreign source dividend cents
Final dividend	2014	-	-	-
	2013	4.1	4.1	-

Total Dividends on all securities for the year

	2014 $000	2013 $000
Ordinary securities	1,087	-
Total	1,087	-

7. Dividend reinvestment plans

The company introduced a dividend reinvestment plan (DRP) on 21 August 2013.

The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares in the Company, without transaction costs.

A shareholder can elect to participate in or terminate their participation in the DRP at any time.

8. Retained earnings

Retained Earnings

	2014 $000	2013 $000
Accumulated profit / (loss) at beginning of period	3,449	3,176
Net profit / (loss) attributable to members	(3,732)	963
Dividends paid	(1,087)	-
Share buyback	-	(690)
Other	16	-
Accumulated profit / (loss) at end of financial period	(1,354)	3,449

9. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	7	33

10. Details of entities over which control has been gained or lost

DVL Automation Inc, subsequently re-named Ecosave Automation Inc, was acquired on 16 July 2013 for US$4.2mil. Ecosave Automation Inc contributed A$479k profit before tax to the groups consolidated loss from ordinary activities during the year to 30 June 2014.

On 26 June 2014, the Group established a wholly owned New Zealand based subsidiary being Ecosave NZ Limited. Ecosave NZ Limited contributed $Nil profit to the Groups consolidated loss from ordinary activities during the year ended 30 June 2014.

11. Details of associates and joint venture entities

On 26 June 2014, the Group obtained a 49% interest in the associated US based entity Ecosave Services LLC.

12. Other significant information

None to report. Refer to the accompanying Chairman's Letter, dated 29 August 2014, for further information.

13. Accounting standards

The accounting standards used in compiling the financial report are the Australian Equivalents to International Financial Reporting Standards (AIFRS). The Group includes subsidiary entities in Australia, New Zealand and the United States. The financial information of all subsidiaries included in the consolidated financial report reflects application of AIFRS and thus accounting treatment is consistent across the Group.

Compliance with AIFRS ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS) and the Corporations Act 2001.

14. Results for the period

Earnings per security

	Current cents	Previous corresponding period cents
Earnings per share		
Basic earnings per share (cents)	(0.13)	0.04
Diluted earnings per share (cents)	(0.13)	0.04
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	28,423,247	25,680,002

Returns to shareholders

Not Applicable

Significant features of operating performances

Refer to the accompanying Chairman's Letter, dated 29 August 2014, for further information.

Segment results

	Australia	**North America**	**Eliminations**	**Ecosave Group**
REVENUE				
External Sales	6,629	8,251	-	14,881
Less Cost of Sales	4,570	5,682	-	10,253
Results - Business gross margin	2,059	2,569	-	4,628
Finance Cost	47	52	-	99
Loss before tax from ordinary activities	(4,135)	(1,014)	-	(5,149)
Tax Expense (benefit)	(1,075)	(343)	-	(1,418)
Loss after income tax benefit	(3,060)	(672)	-	(3,732)

	Australia	North America	Eliminations	Ecosave Group
ASSETS				
Current Assets	3,998	4,283	-	8,282
Non-current assets	8,150	(1,159)	(77)	6,914
Total Assets	**12,149**	**3,124**	**(77)**	**15,196**
	12,148	3,124		
LIABILITIES				
Current Liabilities	3,801	2,430	-	6,232
Non-current liabilities	23	1,340	-	1,362
Total Liabilities	**3,824**	**3,770**	-	**7,594**
Net Assets	**8,325**	**(646)**	**(77)**	**7,602**

Trends in performance

Refer to the accompanying Chairman's Letter, dated 29 August 2014, for further information.

15. Status of audit

The report is based on accounts to which one of the following applies;

- The accounts are in the process of being audited.

16. Description of any likely audit dispute or qualification

Not Applicable.