



ENERGY ONE LIMITED

ABN 37 076 583 018

APPENDIX 4E
for the year ended 30 June 2016

Contents

Appendix 4E - Preliminary Final Report	2
CEO's Commentary	3
Consolidated Preliminary Financial Statements	5

Reporting Period

Previous Reporting Period

for the year ended 30 June 2016

for the year ended 30 June 2015

Results for announcement to the market	2016	2015	Change
	\$	\$	%
Revenue	5,167,118	5,549,592	-7%
Expenses	(4,243,560)	(4,712,717)	+10%
Profit before income tax	923,558	836,875	+10%
Income tax expense	(459,475)	(149,513)	-207%
Profit from ordinary activities after tax attributable to members	464,083	687,362	-32%
Profit attributable to members	464,083	687,362	-32%
Net tangible asset backing per ordinary share shown in cents	12.42	13.15	-6%

Dividends	Amount per ordinary share	Franked Amount per ordinary share
Dividend (declared, not provided at 30 June 2016)	1.00 Cents	0.00 Cents
The record date for the dividend will be 2 September 2016. The payment date for the dividend will be 30 September 2016.		

Commentary

Net Profit Before Tax is up 10%. The Net Profit After Tax is lower than the prior year as the company had utilised its tax losses in the prior year (a tax benefit of \$183,563). With previous tax losses fully utilised the Company now has a full tax expense. In addition the research and development incentive receivable by the company is a non deductible tax item resulting in a tax rate higher than the standard company tax rate of 30%.

Please refer to the attached CEO's commentary and financial report for the year ended 30 June 2016.

Other information

Control gained over entities having a material effect

N/A

Loss of control over entities having a material effect

N/A

Dividend or distribution reinvestment plans

N/A

Details of associates and joint venture entities

Please refer to the 30 June 2016 Financial Statements for details.

Audit Status

This report is based on accounts that have been audited.

Attachments

Additional disclosure requirements can be found in the notes to the attached 30 June 2016 Financial Statements.

Signed By :

Shaun Ankers - Chief Executive Officer

11 August 2016

Energy One Limited

Chief Executive Officer's Report

I am pleased to report that Energy One has had another profitable year. This is our third consecutive year of profitable performance, with net profit before tax (NPBT) up 10% over the prior year. The decrease in net profit after tax (NPAT) this year was due to the Company having a full year of income tax expense, having exhausted prior year tax losses in FY15.

With another year of profit, a range of high quality proven software and a portfolio of blue-chip customers the company is now starting to leverage those strengths with continued growth and expansion anticipated.

This year's financial outcome is the result of completing several major projects for our energy trading software. These projects were completed on time and on budget for our customers. This success has already resulted in additional work and is expected to generate more revenue in the year ahead – from both existing customers and via referrals.

Project revenues tend to ebb and flow with project timings. With two large projects completing in the first half and another project delayed until the second half, project revenue for the year was less than in FY15. Our focus remains on building underlying recurring revenues to complement the project income. Recurring revenues continue to grow this year, up 23% to \$2.7M, or 60% of operating revenue. We expect recurring revenues to continue to grow in the year ahead as we add hosting and managed services revenues to our licence and support income. The following five year performance table highlights this continued growth

	2012	2013	2014	2015	2016
Revenue	2,936,652	2,444,761	3,454,107	5,549,592	5,167,118
EBITDA	(727,388)	149,525	822,996	1,359,137	1,176,246
Net profit / (loss) before tax	(930,231)	(210,739)	337,605	836,875	923,558
Income Tax Expense	0	0	0	(149,513)	(459,475)
Net profit / (loss) after tax	(930,231)	(210,739)	337,605	687,362	464,083
Basic earnings per share (in cents)	(5.23)	(1.18)	1.90	3.86	2.53

As the premier supplier of Energy Trading and Risk Management (ETRM) systems in Australia we are also confident that our ongoing sales and marketing effort will result in new sales in the year ahead. That said, we continue to manage our cost base to respond to any fluctuation in project revenues without diminishing our commitment to innovation and growth.

The Year in Review

During the year, both Energy Australia and Alinta completed projects to implement our trading software within their businesses. These installations were completed successfully and are now in full production, assisting these large energy companies to manage their trading requirements in Australia's complex energy market.

We also commenced two other projects to install additional products for an existing customer, emphasising the importance of our suite of wholesale trading products to assist customers operating in both electricity and gas markets trading physical commodities and financial derivatives.

We noticed increased interest in the trading of oil and gas contracts arising from Australia's LNG industry, which represents a new market for Energy One. We are currently installing software for customers to enable them to trade these commodities.

The Company has also been actively marketing EnergyFlow to gas shippers during the year to simplify their often-complex trading operations. The Company has performed several successful demonstrations and proof-of-concept trials during the year, and we expect that these will come to fruition in the short to medium term.

Financially, despite the delay in project timings, the Company delivered a reasonably consistent outcome across the year. While revenues for FY16 of \$5.17 million were down 7% on the prior year, reduced costs meant that the NPBT was up 10% to \$924k for FY16. The Company retains a focus on cost control to ensure project revenues are matched to costs.

EBITDA for 2016 was \$1.2 million and the Company closed the year with an unrestricted cash balance of \$2.2M.

Business Outlook

In the year ahead, Energy One will continue to market our products and services to domestic energy companies. We will also focus on opportunities to provide existing customers with additional products. Being able to deal with a single software vendor for trading, analytics and operations provides our customers with substantial productivity gains.

To this end, we anticipate new projects with existing customers as well as attracting new customers during FY17. Energy One's reputation for consistent delivery and product efficacy is helping us build strong relationships with market participants for their mission-critical systems.

We are seeing the rise of cloud hosted applications and managed services within the energy market, as customers seek efficiencies and improved services from their vendors. Our product range is ideally suited for being managed as-a-service. With the software performing complex trading operations in many instances, a specialist vendor (such as Energy One) is best equipped to provide the expertise that a more generic IT services cannot. It also provides customers with a single point of accountability.

In this regard, the Company offers both a full-service private cloud managed service for large clients and an entry-level offering, branded as *EnergyCloud*.

Given the mission critical nature of the software, changes in the provision of these services can take some time. However, the Company remains confident that the trend to using cloud based services will result in additional opportunities over the next 2-3 years, bringing additional recurring hosting revenue. In the short term, we are actively marketing these services and expect to achieve additional sales in the next financial year.

International horizons

Based on market research undertaken in the last twelve months the Company is investing in short-term marketing efforts to assess the applicability of our products (especially EnergyFlow) in offshore markets such as the UK, EU and North America. This will involve some organised on-ground market testing, as well as seeking potential partners to assist with marketing and support in these geographies.

Based on the results of this market testing, the Company will then assess whether any further, larger-scale investment is warranted.

Acquisition update

In May 2016, we announced the Company had entered into an agreement to acquire a business providing software and services to Australian gas companies. The acquisition was conditional upon satisfaction of some conditions precedent, including assignment of customer contracts. We can report that the process of completing the conditions precedents is underway and is progressing satisfactorily. We expect to provide the market with an update within the next month. The acquisition will have a collateral benefit of reducing the company's average rate of tax.

Looking forward to the year ahead

Energy One is Australia's leading supplier of energy trading software. With a blue-chip customer base, established brand and sound financials, the Company is keen to build upon its local achievements through potential expansion into other markets.

I would like to thank the Directors, our management team and all employees for their effort and commitment during this year. We look forward to another prosperous year ahead.

Shaun Ankers



**Consolidated Financial Statements
for the year ended 30 June 2016**

Contents	Page
Consolidated Statement of Profit or Loss and Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10

Consolidated Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June, 2016

		Consolidated Group	
		2016	2015
	Note	\$	\$
Revenue and other income			
Revenue from continuing operations	2	4,583,415	4,768,023
Other income	2	583,703	781,569
		<u>5,167,118</u>	<u>5,549,592</u>
Expenses			
Direct project costs		(43,287)	(33,133)
Employee benefits expense	3	(2,634,095)	(2,933,790)
Depreciation and amortisation expense	3	(360,665)	(585,221)
Rental expenses	3	(192,767)	(169,151)
Consulting expenses		(350,821)	(546,573)
Insurance		(60,077)	(58,168)
Accounting fees	5	(88,285)	(77,669)
Internet and web hosting		(172,069)	(61,628)
Other expenses		(341,494)	(247,384)
		<u>(4,243,560)</u>	<u>(4,712,717)</u>
Profit before income tax		<u>923,558</u>	<u>836,875</u>
Income tax expense	4	(459,475)	(149,513)
Profit after income tax from continuing operations attributable to owners of the parent entity		<u>464,083</u>	<u>687,362</u>
Other comprehensive income		<u>0</u>	<u>0</u>
Total comprehensive profit attributable to members of the parent entity		<u>464,083</u>	<u>687,362</u>
Basic earnings per share (cents per share)	7	<u>2.53</u>	<u>3.86</u>
Diluted earnings per share (cents per share)	7	<u>2.50</u>	<u>3.86</u>

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

Consolidated Statement of Financial Position

as at 30 June, 2016

		Consolidated Group	
		2016	2015
	Note	\$	\$
Current Assets			
Cash and cash equivalents	8	2,227,869	1,982,629
Trade and other receivables	9	2,055,823	2,318,825
Other current assets	10	103,494	42,666
Total Current Assets		4,387,186	4,344,120
Non-Current Assets			
Property, Plant and equipment	11	502,430	64,209
Intangible assets	12	3,014,684	2,327,292
Trade and other receivables	9	203,685	92,658
Other non current assets	13	330,981	103,760
Deferred tax asset	4	191,938	177,371
Total non Current Assets		4,243,718	2,765,290
Total Assets		8,630,904	7,109,410
Current Liabilities			
Trade and other payables	14	819,660	553,983
Income tax payable	4	474,212	326,884
Current deferred revenue	16	619,439	882,353
Current provisions	15	145,468	181,030
Total Current Liabilities		2,058,779	1,944,250
Non-Current Liabilities			
Trade and other payables	14	343,504	0
Non current deferred revenue	16	837,292	440,224
Non current provisions	15	76,440	52,853
Total Non Current Liabilities		1,257,236	493,077
Total Liabilities		3,316,015	2,437,327
Net Assets		5,314,889	4,672,083
Equity			
Contributed equity	18	8,519,309	8,262,059
Reserves	19	118,818	274,925
Accumulated losses		(3,323,238)	(3,864,901)
Total Equity		5,314,889	4,672,083

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

Consolidated Statement of Changes in Equity

for the year ended 30 June, 2016

	Consolidated Group			
	Contributed	Share Based	Accumulated	
	Equity	Payments	Losses	Total
	\$	Reserve	\$	\$
Balance as at 1 July 2014	8,246,064	77,581	(4,552,262)	3,771,383
Total comprehensive (loss) for the year	0	0	687,361	687,361
Transactions with owners in their capacity as owners:				
Share Issues	15,995	0	0	15,995
Share based payments	0	197,344	0	197,344
Balance at 30 June 2015	8,262,059	274,925	(3,864,901)	4,672,083
Total comprehensive profit for the year	0	0	464,083	464,083
Transactions with owners in their capacity as owners:				
Share Issues	17,995	0	0	17,995
Share based payments	0	160,728	0	160,728
Shares vesting	239,255	(239,255)	0	0
Options Lapsing	0	(77,580)	77,580	0
Balance at 30 June 2016	8,519,309	118,818	(3,323,238)	5,314,889

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

Consolidated Statement of Cash Flows

for the year ended 30 June, 2016

		Consolidated Group	
		2016	2015
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from customers		5,072,717	4,920,181
Receipts of government grants		835,763	709,327
Payments to suppliers and employees		(4,722,987)	(4,260,440)
Interest received		45,995	50,740
Net cash provided by operating activities	8	1,231,488	1,419,808
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	11	(74,521)	(10,268)
Purchase of intangible assets	12	(17,322)	(30,986)
Payments for development costs	12	(924,434)	(809,566)
Receipt from restricted term deposit - Bank Guarantee		103,758	0
Payment for restricted term deposit - Bank Guarantee		(330,979)	(103,758)
Net cash used in investing activities		(1,243,498)	(954,578)
Cash Flows from Financing Activities			
Receipts from share issues		257,250	15,995
Net increase in cash held		245,240	481,225
Cash and cash equivalents at beginning of financial year		1,982,629	1,501,404
Cash and cash equivalents at end of financial year	8	2,227,869	1,982,629

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

Notes to the Financial Statements

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity ("the Group") in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

Energy One Limited is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

These financial statements have been prepared on an accruals basis under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed at note 1(q).

The financial statements are presented in Australian dollars, which is Energy One Limited's functional and presentation currency.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy One Limited ("company" or "parent entity") as at 30 June 2016 and the results of the subsidiary for the year then ended. Energy One Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

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

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group operates in a single aggregate business segment, being the supply of software and services to the electricity and gas sector. The Company operates in a single geographic segment, being Australia.

There has been no impact on the measurement of the Company's assets and liabilities.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, duties and taxes paid.

Software Licence Fee Revenue

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licenced software under an agreement between the Company and the customer.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(d) Revenue recognition (continued)

Project and Implementation Services Revenue for Licence

Revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. All revenue is stated net of the amount of goods and services tax (GST).

Unearned Support and Maintenance Services Revenue

Amounts received from customers in advance of provision of services are accounted for as unearned revenue.

Unbilled Revenue

Amounts recorded as unbilled revenue represents revenues recorded on projects not yet invoiced to customers. These amounts have met the revenue recognition criteria but have not reached the payment milestones contracted with customers.

Interest Income

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

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or directly in equity, respectively.

(f) Impairment of assets

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

(g) Cash and cash equivalents

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

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(i) Leasehold improvements, plant and equipment

Leasehold improvements, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs, maintenance and minor renewals are charged to the income statement during the financial period in which they are incurred.

The carrying amount of Leasehold improvements, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, at the following rates:

Plant and equipment 20%-40%

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

(j) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of the net assets of an acquired company or business over the fair value of the Group's share of its net identifiable assets at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Goodwill has been tested and, as at 30 June 2016, there has been no impairment.

Software

Costs incurred in the development of software are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured. Development costs have a finite estimated life of ten years (2015 : five years) and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees time spent on the project.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(j) Intangible assets (continued)

Licences and Trademarks

Licences and trademarks represent the cost of registering trademarks and licence fees. The amortisation is reflected over the life of the asset.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which had not been settled at balance date. The amounts are unsecured and are usually paid within 60 days of recognition.

(l) Financial instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

The effective interest rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period of the net carrying amount of the financial asset or liability.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial assets

The Group does not have financial assets categorised as financial assets at fair value through profit and loss, held to maturity or available for sale.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial liabilities

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

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(m) Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries, superannuation benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are expected to be settled, including appropriate on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave

A provision for long service leave is taken up for a range of employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Equity-settled compensation

The Company operates a number of share-based compensation plans. These include a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. Fair value of the options at the grant date is expensed over the vesting period.

Employee equity plans

The Employee Incentive Plan (EIP) was established on 31 October 2014. The EIP allows the Company to grant shares, options or rights to acquire ordinary shares in Energy One to employees and Directors, subject to satisfying performance and service conditions set down at the time of offer.

The fair value of shares, options and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is measured using a Binominal pricing model that takes into consideration the exercise price, the term of the option, the impact of dilution, and the share price at grant date.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(n) Issued capital (continued)

If the Company reacquires its own equity instruments, (e.g. as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) Goods and services tax (GST)

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

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

(p) Earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any change in earnings per share that may arise from the conversion of options or convertible notes or other quasi equity instruments on issue at financial year end, into shares in the Company at a subsequent date.

(q) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. These key estimates are disclosed as part of Note 12.

Key Estimates — Research & Development Tax Incentive

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

Key Estimates — Revenue

Implementation revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Key Estimates — Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Key Judgments — Provision for impairment of receivables

The directors have not made a provision for impairment of receivables as at 30 June 2016. Refer to Note (s) and Note 9.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(t) Government grants

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

(u) Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in statement of comprehensive income.

(v) Parent entity financial information

The financial information for the parent entity, Energy One Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

(w) New and amended standards adopted by the Company

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. There has been no material impact of these changes on the Groups's accounting policies.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(x) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it creates an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional disclosures. The Group will adopt this standard from 1 July 2018. The impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 1 Summary of Significant Accounting Policies (continued)

(x) New accounting standards for application in future periods (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and additional disclosure requirements. The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note	Consolidated Group	
	2016	2015
	\$	\$
Note 2 Revenue and Other Income		
<i>Sales Revenue</i>		
Licence revenue	1,215,291	1,053,097
Project, implementation , support and services	3,368,124	3,714,927
	4,583,415	4,768,024
<i>Other income</i>		
Interest	107,977	62,959
Research & development grant	475,726	718,610
	583,703	781,569
Total Revenue and other Income	5,167,118	5,549,593

Note 3 Expenses

The consolidated income statement includes the following specific expenses :

Depreciation and amortisation			
Depreciation - Plant & equipment	11	35,534	42,131
Depreciation - Leasehold Improvements	11	52,673	0
Amortisation - Intangible assets	12	254,364	542,818
Loss on Disposal - Plant & equipment	11	18,094	272
		360,665	585,221
Rental expense on operating leases			
Minimum lease payments		192,767	169,151
Employee benefit expenses			
Superannuation expense		249,365	210,568
Employee option / share plan benefits	26	178,724	213,339
Other employee benefits	(a)	2,206,006	2,509,884
		2,634,095	2,933,791

(a) From the total employee benefit expense, \$831,971 represent expenditures related to research and development activities (2015: \$646,418) (see Note 1 (t)).

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

		Consolidated Group	
		2016	2015
		\$	\$
Note			
Note 4	Income Tax Expenses		
(a)	The components of tax expense comprise:		
	Current tax	474,213	326,884
	Prior year tax adjustment	(171)	0
	Deferred tax	(14,567)	(177,371)
	Income tax expense	459,475	149,513
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	277,067	251,062
	Add:		
	Tax effect of:		
	Non-deductible expenses (including research & development)	182,579	287,351
	Less:		
	Tax effect of:		
	Recoupment of prior year tax losses not previously brought to account	0	(183,563)
	Benefit of temporary differences not brought to account / (unrecognised deferred tax expense)	0	(205,337)
	Prior year tax adjustment	(171)	0
	Income tax attributable to entity	459,475	149,513

		Opening Balance	Charge to Income	Closing Balance
(c)	Non- Current			
	Deferred tax asset			
	Temporary differences and others	457,719	(61,426)	396,293
	Deferred tax liability			
	Accrued income	(280,348)	75,993	(204,355)
	Net	177,371	14,567	191,938

- (d) Tax
The Company has no unrecognised accrued tax losses at 30 June 2016 (2015: \$0).

		Consolidated Group	
		2016	2015
		\$	\$
Note			

Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO East Coast Partnership (2015: Crowe Horwath Sydney).

Fees paid or payable for audit services :-

Auditing and reviewing the financial reports	62,000	60,319
Taxation services	7,300	17,350
	69,300	77,669

Note 6 Dividends

Dividends declared or paid during the year	0	0
Franking account balance	0	0

On the 11 August 2016 the Company has declared a dividend of 1 cent per ordinary share. The record date for the dividend will be 2 September 2016. The payment date for the dividend will be 30 September 2016.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note	Consolidated Group	
	2016 \$	2015 \$
Note 7 Earnings per Share		
Basic EPS	0.0253	0.0386
Diluted EPS	0.0250	0.0386

Earnings used in calculating basic and diluted earnings per share	464,083	687,362
Weighted average number of ordinary shares used in calculating basic earnings per share	18,309,177	17,827,506
Weighted average number of options and share rights outstanding (Note i)	254,308	512,113
Weighted average number of ordinary shares used in calculating diluted earnings per share	18,563,486	17,793,229

(i) Share Rights

There were 333,333 (2015 :333,333) share rights outstanding at 30 June 2016. Share rights are issued subject to performance provisions being met and are not included in the calculation of diluted earnings per share as the conditions are not yet satisfied at year end. The share rights that are anti-dilutive could potentially dilute basic earnings per share in the future.

Details relating to options and share rights are set out in Note 26.

Note 8 Cash and Cash Equivalents

Cash at bank and on hand	299,293	209,404
Short term bank deposits	1,928,576	1,773,225
	2,227,869	1,982,629

The effective interest rate on short-term bank deposits for the year was 2.61% (2015: 3.04%); these deposits have an average maturity of 110 days. The weighted average effective interest on cash and cash equivalents was 2.17% (2015: 2.60%).

Reconciliation of Cash and Cash Equivalents

Cash at the end of the financial year as shown in the statement of cash flow reconciled to items in the balance sheet as follows:

Cash and cash equivalents		2,227,869	1,982,629
Deposit with bank for bank guarantees:			
Other non-current assets	13	330,979	103,758
		2,558,848	2,086,387

The Group's exposure to interest rate risk is discussed in Note 25.

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

Profit from ordinary activities after income tax	464,083	687,361
Non-cash flows in profit from ordinary activities :		
Depreciation and amortisation	360,665	585,221
Employee option and share rights expense	178,723	197,344
Share based payments - exercised in the period	(257,250)	0
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries :		
(Increase)/decrease in trade and other receivables	151,974	(221,458)
(Increase)/decrease in other assets	(60,828)	(6,175)
(Increase)/decrease in deferred tax assets	(14,567)	(177,371)
Increase/(decrease) in trade and other payables	286,509	401,378
Increase/(decrease) in provisions	(11,975)	68,928
Increase/(decrease) in deferred income	134,154	(115,420)
Net cash provided by operating activities	1,231,488	1,419,808

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note	Consolidated Group	
	2016 \$	2015 \$
Note 9 Trade & Other Receivables		
<i>Current</i>		
Trade receivables	812,145	639,889
Accrued income (a)	472,006	836,343
R&D tax incentive (b)	751,294	836,018
Other receivables (c)	20,378	6,575
	<u>2,055,823</u>	<u>2,318,825</u>
<i>Non current</i>		
Accrued income (a)	<u>203,685</u>	<u>92,658</u>

(a) Accrued Income

Accrued income is based on work completed and not yet invoiced.

(b) R&D Tax Incentive

The Company is expecting a research and development tax incentive of \$751,294 from the Australian Tax Office in FY17 for the R&D costs incurred in the 2016 financial year (2015: \$836,017). There are no unfulfilled conditions or other contingencies attaching to the grants.

(c) Other Receivables

Other receivables are mainly represented by accrued interest income.

Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 25 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

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

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

	Gross Amount	Within initial trade terms	<30 days	Past due but not impaired 31-60 days	61-90 days	>90 days	Past due and impaired
2016							
Trade receivables and accrued income	1,487,837	1,244,463	0	237,470	1,100	4,804	0
Other receivables	771,671	771,671	0	0	0	0	0
Total	2,259,508	2,016,134	0	237,470	1,100	4,804	0
2015							
Trade receivables and accrued income	1,568,891	1,470,342	0	98,549	0	0	0
Other receivables	842,592	842,592	0	0	0	0	0
Total	2,411,483	2,312,934	0	98,549	0	0	0

Note	Consolidated Group	
	2016 \$	2015 \$
Note 10 Other Current Assets		
Prepayments and deposits	<u>103,494</u>	<u>42,666</u>

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note	Consolidated Group	
	2016 \$	2015 \$
Note 11 Property, Plant and Equipment		
Plant and equipment at cost	295,510	329,931
Accumulated depreciation	(143,517)	(265,722)
	151,993	64,209
Leasehold improvements at cost	403,110	0
Accumulated depreciation	(52,673)	0
	350,437	0
Total property, plant and equipment	502,430	64,209

Movements in Carrying Amounts

Opening balance	64,209	96,345
Additions	544,521	10,268
Disposals	(18,094)	(273)
Depreciation expense	(88,206)	(42,131)
Closing balance	502,430	64,209

Note 12 Intangible Assets

Software development - at cost	(a)	6,312,045	5,384,261
Software development - Accumulated amortisation		(3,938,802)	(3,686,393)
		2,373,243	1,697,868
Patents - at cost	(b)	26,808	12,836
Patents - Accumulated amortisation		(2,474)	(519)
		24,334	12,317
Goodwill	(c)	617,107	617,107
Total Intangible Assets		3,014,684	2,327,292

Movements in Carrying Amounts

	Software \$	Patents \$	Goodwill \$	Total \$
Balance as at 1 July 2014	1,412,451	0	617,107	2,029,558
Additions	827,716	12,836	0	840,552
Amortisation	(542,300)	(518)	0	(542,818)
Balance as at 30 June 2015	1,697,867	12,318	617,107	2,327,292
Additions	927,785	13,972	0	941,757
Amortisation	(252,409)	(1,956)	0	(254,364)
Balance as at 30 June 2016	2,373,243	24,334	617,107	3,014,684

(a) Software Development

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

(b) Patents and Trademarks

Patents and trademark costs are costs associated with the lodging, renewal, and maintenance of patents and trademarks and are carried at cost less accumulated amortisation. These intangible assets are amortised over a period of five years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

for the year ended 30 June, 2016

(c) *Goodwill*

(d) *Impairment Loss and Write Offs*

Management have performed an impairment test of software, contracts and goodwill at the balance sheet date and have concluded that there are no impairments or significant write offs.

Provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement. However based on past experience, the Company does not expect all employees to take the full entitlement of leave within the next twelve months. The amount not expected to be taken with the next twelve months is \$76,440 (2015 : \$52,853).

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 15 Provisions (continued)

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(m) to this report.

Note	Consolidated Group	
	2016 \$	2015 \$
Note 16 Deferred Revenue		
<i>Current</i>		
Support & maintenance fee received in advance	499,385	640,545
Unearned R&D Tax Incentive	120,054	241,808
	619,439	882,353
<i>Non-Current</i>		
Unearned R&D Tax Incentive	837,292	440,224
	1,456,731	1,322,577

Note 17 Contingent Assets and Liabilities

The Group had no contingent liabilities or contingent assets as at 30 June 2016.

Note	2016 No	2015 No	2016 \$	2015 \$
Note 18 Contributed Equity				
Issued capital at beginning of the financial period	17,835,341	17,793,229	8,262,059	8,246,064
Shares issued or under issue during the year -				
Shares Issued to employees	55,368	42,112	17,995	15,995
Shares issued as a result of the vesting of share rights	629,167	0	239,257	0
Balance at the end of the financial year	18,519,876	17,835,341	8,519,310	8,262,059

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There is no current on-market buy-back.

Capital Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management effectively manages the Group's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. The Group has an externally imposed capital requirement to maintain \$50,000 surplus cash, a requirement of holding an Australian Financial Services Licence. There have been no breaches during the year.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note	Consolidated Group	
	2016 \$	2015 \$
Note 19 Reserves		
<i>Share based payment reserve</i>		
Balance at the beginning of the financial year	274,925	77,581
Movement in share based payments	(156,107)	197,344
Balance at the end of the financial year	118,818	274,925

The share based payment reserve is used to recognise the fair value of options issued to employees and directors and the fair value of shares issued to employees. The expense arising from share based payment transactions recognised during the period are included in employee benefit expense.

Note 20 Commitments

Operating Lease Commitments

Non-cancellable operating leases (including tenancy leases) contracted for at the reporting date but not capitalised in the financial statements:

within one year	377,542	57,670
later than one year but not later than five years	1,289,934	0
	1,667,476	57,670

At the reporting date the Group leases one office, which is under a non-cancellable operating lease which expires in November 2020.

Note 21 Segment information

The Group is managed primarily on the basis of product and service offerings and operates in one segment, being the Energy software industry, and in one geographical segment, Australia.

During the year ended 30 June 2016 the Group derived 86% (2015 : 89%) of revenue from three major customers to which it provided both licences and services. The Company's most significant external customer accounts for 44%, \$2,038,783 (2015 : 43%) of external revenue with the next largest customer contributing 28%, \$1,268,379 (2015: 35%) and the third largest contributing 14%, \$624,757 (2015: 9%). Management assess the performance of the operating segment based on the accounting profit and loss.

Note 22 Subsequent Events

The Company has entered into a business sale agreement for the acquisition of business providing software and services to Australian gas companies on 30 May 2016 and is currently completing a number of conditions precedent. Due to the confidential nature of the agreement, the business and its customers, the company is unable to provide any further information as at the date of this report.

No matter or circumstance has arisen since 30 June 2015 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs if the Group.

Note 23 Controlled Entities

	Country of Incorporation	% Equity		Investment \$	
		2016	2015	2016	2015
<i>Ultimate Parent Company</i>					
Energy One Limited	Australia				
<i>Controlled Entity</i>					
Energy One Employee Option Plan Managers Pty Limited	Australia	100%	100%	2	2

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Consolidated Group

	2016	2015
Note	\$	\$

Note 24 Related Party Transactions

Key management personnel

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

Remuneration of key management personnel :

Short term employee benefits	786,634	800,360
Post employment benefits	99,427	76,489
Long term benefits	24,390	52,345
Share based payments	162,280	197,344
	1,072,732	1,126,538

Transactions with related parties

Revenue for software and hardware components provided to BRI Ferrier, a Company in which one of the directors has an ownership interest, amounted to \$0 (2015 : \$4,846).

Note 25 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer under policies approved by the Board of Directors and the Risk Committee. The CFO identifies, evaluates the financial risks in close co-operation with the Company's management and board.

The Group holds the following financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements:

Financial assets

Cash and cash equivalents	8	2,227,869	1,982,629
Trade and other receivables	9	2,055,823	2,318,825
Due within 12 months		4,283,692	4,301,454
Deposit with bank for bank guarantee – due after 12 months	8	330,979	103,758

Financial Liabilities

Trade and other payables - due within 12 months	14	(819,660)	(553,983)
Trade and other payables - due after 12 months	14	(343,504)	0

Net assets

3,451,507	3,851,229
------------------	------------------

Risk exposures and responses

Foreign exchange risk

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

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 25 Financial Risk Management (continued)

Cash flow and fair value interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group's main interest rate risk at year end arises from short-term deposits. The Group is exposed to earnings volatility on floating rate instruments.

The interest rate risk is managed using a mix of fixed and floating short-term deposits. At 30 June 2016 approximately 86% (2015 : 89%) of short term deposits were fixed. Short-term deposits are used to ensure that the best interest rate is received. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate, which is why the Group uses a number of banking institutions.

The interest rate risk is detailed in the tables below :

	Weighted Avg Effective Interest rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non- Interest Bearing \$	Total \$
<i>Consolidated entity 30 June 2016</i>					
Financial Assets :					
Cash and cash equivalents	2.17%	1,928,576	299,293	0	2,227,869
Receivables	0.00%	0	0	2,055,823	2,055,823
Deposit for bank guarantee	2.75%	330,979	0	0	330,979
		2,259,555	299,293	2,055,823	4,614,671
Financial Liabilities :					
Payables - due within 12 months		0	0	819,660	819,660
Payables - due after 12 months		0	0	343,504	343,504
		0	0	1,163,164	1,163,164
<i>Consolidated entity 30 June 2015</i>					
Financial Assets :					
Cash and cash equivalents	2.60%	1,773,225	209,404	0	1,982,629
Receivables	0.00%	0	0	2,318,825	2,318,825
Deposit for bank guarantee	2.55%	103,758	0	0	103,758
		1,876,983	209,404	2,318,825	4,405,212
Financial Liabilities :					
Payables - due within 12 months		0	0	553,983	553,983
Payables - due after 12 months				0	0
		0	0	553,983	553,983

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2016	2015
Note	\$	\$
Change in profit		
Increase in interest rate by 1%	2,906	2,832
Decrease in interest rate by 1%	(2,906)	(2,832)
Change in equity		
Increase in interest rate by 1%	2,906	2,832
Decrease in interest rate by 1%	(2,906)	(2,832)

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 25 Financial Risk Management (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to trading customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Banks without a rating of 'A', but included in the government guarantee will be considered with a maximum \$1M deposit. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the CFO. The compliance with credit limits is monitored by the CFO.

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 9. No single deposit was larger than \$1M. The Group does not hold any security or guarantees for the financial assets.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets, for instance cash.

Due to the cash available to the Group there is no use of any credit facilities at reporting date (Note 8).

All financial assets and liabilities are due within 12 months.

Fair Value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. At reporting date, the Group's financial assets consist of cash and cash equivalents and receivables.

Note 26 Share Based Payments

The following share-based payment arrangements existed at 30 June 2016:

Tax Paid Option Plan

The Tax Paid Option Plan (TPOP) was established on 31 December 2009. The TPOP allows the Company to grant options or rights to acquire ordinary Shares in Energy One to selected key employees and selected Directors, subject to satisfying performance and service conditions set down at the time of offer.

	2016 Number of options	2015 Number of options
Balance at the start of the year	500,000	500,000
Movements during the year	(500,000)	0
Balance at end of the year	0	500,000
Exercisable at year-end	0	0
Outstanding at year-end	0	500,000
Average exercise price in cents	0.00	37.00

Equity Incentive Plan

The Equity Incentive Plan (EIP) was established on 31 October 2014. The EIP allows the Company to offer employees, and directors and wide range of different share scheme interests, either as exempt shares or share schemes subject to satisfying performance and service conditions set down at the time of offer.

Notes to the Financial Statements (continued)

for the year ended 30 June, 2016

Note 26 Share Based Payments (continued)

Equity Incentive Plan (continued)

Note	Consolidated Group	
	2016	2015
	\$	\$
Total expense arising from EIP share based payments for the financial year	178,724	213,338
Movements in share rights under the EIP for the financial year :		
	2016	2015
	No of rights	No of rights
Balance at the being of the financial year	962,500	0
Rights granted	384,616	962,500
Rights vested and issued as ordinary shares	(629,167)	0
Balance at the end of the financial year	717,949	962,500
Average issue price in cents	34.81	38.04

629,167 share rights vested during the year ended 30 June 2016 (0 : 2015). The weighted average share price at the date of exercise was 32.26c. The exercise price is \$nil (2015: \$nil)

The weighted average share price during the financial year was 33.99c (2015: 37.42c).

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.49 years (2015: 0.79 years).

For the share rights granted under the EIP during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting Date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate
02 Nov 2015	30 Oct 2016	0.32	65.00%	0.00%	2.60%

Note 27 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.

Current assets	4,387,186	4,344,120
Non current assets	4,243,718	2,765,290
Total Assets	8,630,904	7,109,410
Current liabilities	2,058,779	1,944,250
Non current liabilities	1,257,236	493,077
Total Liabilities	3,316,015	2,437,327
Issued capital	8,519,309	8,262,059
Reserves	118,818	274,925
Accumulated losses	(3,323,238)	(3,864,901)
Total Equity	5,314,889	4,672,083
Profit for the year of the parent entity	464,083	687,362
Total comprehensive income for the parent entity	464,083	687,362

The Parent has deposits with banks that are used for bank guarantees of \$330,979 (2015: \$103,758) for rent on office premises.

The Parent has no other contingent liabilities or contractual commitments for the acquisition of property, plant or equipment.