ENERGYONE
INTEGRATED BUSINESS SOLUTIONS

2010 Annual Report

For the Financial Year ended 30 June 2010

Corporate Directory

Board of Directors

Ottmar Weiss
Chairman

Shaun Ankers
Managing Director

Vaughan Busby
Non - Executive Director

Andrew Bonwick
Independent Director

Ian Ferrier
Non - Executive Director

Company Secretary

Reena Minhas

Registered Office

Level 15
309 Kent Street
Sydney NSW 2000

Principal Office

Level 5
62 Pitt Street
Sydney NSW 2000
Tel: 02 8252 9898
Fax: 02 8252 9888

Solicitors

Johnson Winter & Slattery
Level 30
Australia Square
264 George Street
Sydney NSW 2000

Investor Information

Energy One Limited Shares are listed on the Australian Stock Exchange (ASX).

ASX Code: EOL

ACN: 076 583 018

Share registry

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000

Website Address

www.energyone.com.au

Auditors

WHK Horwath Sydney
Level 15
309 Kent Street
Sydney NSW 2000

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Chairman's Report

Dear Shareholder,

Last year I reported to you that EOL's transformation into an information solutions provider for the energy and utilities sectors was largely complete, and that the implementation of that transformation, combined with ongoing investment in innovation and resources in the IT area, had resulted in EOL recording a small trading loss. I further stated that for this year, EOL had a well-defined pipeline of opportunities and the successful conversion of any of those opportunities into new customers provided an expectation of reporting revenue and earnings growth in the year ahead.

I am pleased to report that EOL was able to convert some of these opportunities into customers and that revenue and earnings have grown this year, albeit modestly. The acquisition of additional customers has necessitated growth in quality human resource, but has also moved the Company considerably towards a position of self-sufficiency. Additionally, EOL was able to maintain a positive cash balance throughout the year. More detail on EOL's operational performance this year can be found in the Managing Director's report.

In the final part of the year, our long serving CEO, Richard Brys, left the Company to return to his homeland in the UK. The Board was therefore tasked with identifying and recruiting a new CEO, and ensuring a smooth transition occurred in the Company's leadership. We were fortunate in being able to entice Shaun Ankers back to EOL to become the new CEO.

I thank Richard for his considerable efforts in rebuilding the Company and positioning us for growth in the years ahead. Richard remains connected with the Company as a shareholder and business opportunities consultant going forward.

Energy One remains committed to our vision of becoming a premier supplier of software and services to the local energy industry. We are on track to achieving this goal within the coming year, to consolidating that position while expanding our growth to other segments and territories.

The Board remains aware of the limited liquidity in its listed shares, and has investigated several opportunities that may have helped to improve the current situation. This unresolved matter remains a focus for the Board in the coming year as it continues to seek to maximise shareholder value.

In closing, I would like to thank the directors, management and staff for their efforts throughout the year.

We remain committed to improving the performance of the business into the future.

Ottmar Weiss

Managing Director's Report

Dear Shareholder,

This past year we have continued our transformation of the company to focus specifically on providing software solutions to the energy sector. Our vision is to become the region's premier provider of integrated software solutions and expertise to the energy market, allowing our customers to focus on increasing efficiencies and minimising risk in their core businesses.

As part of implementing this vision, the company has invested considerable effort in both consolidating and further developing, via recruitment and acquisition, our resources and offerings to participants in many areas of the energy market.

With industry practitioners in all aspects of the energy market, from market data interfacing, billing, energy trading and risk management, EOL now has the capabilities to deliver tangible business benefits to our customers.

The 2009/10 Year in Review

During the year, the Company made significant progress with within the wholesale energy sector. In addition to our current client base, we have acquired another major government client for whom we are implementing our enterprise level energy trading platform.

This project has been in development for some months and is due for completion in the first half of the FY11 year. Combined with our other energy trading clients, this project will propel the Company to the forefront of this market within Australia. We expect that this will place Energy One in a good position to leverage this market capability into new products and new geographical markets.

The success of our business in servicing these new customers was reflected in revenues of $3,474,208, a 123% increase over the previous year. The Company has now has a number of recurring service contracts that will provide underlying annuity incomes in addition to opportunities to cross sell other products and services and support our continued growth. Our major customers have signed multi-year agreements that indicate their long term faith in our products and capabilities.

A great deal of investment has been made in people and systems. During the year our expenditure on human capital increased from $1.3M to $2.3M as the Company continued up-skilling with industry and technology expertise.

Despite the increased investment, we are pleased to report a modest profit for the year of $171,054, an improvement over the slight loss the previous year and indication of the consistent, steady improvement of the business over the past 2 years.

Notably, the Company also achieved a positive operating cash flow, providing $601,374 from core business activities.

During the year, Energy One's major retailing system customer entered into administration. All outstanding balances were fully recovered and a four month contract negotiated with the administrators to assist and finalise customer billing. Although losing this customer was a setback for us in our aim to grow multiple segments of the energy vertical, our product offering was effective and we remain committed to servicing a broad range of retail and wholesale customers and to seeking new business in all our target areas.

Market Outlook – 2011

For the year ahead, the Company remains focused on building capability, consolidating our position as an industry leader to the customers we serve and actively pursuing growth through new sales.

As mentioned, we have invested heavily in the development of software addressing the particular needs of our clients and in our capability. Our current team contains experts in a number of areas of front, middle and back office, retail, settlements and metering.

We can boast a team of PhD specialists and industry leading tools and applications to deal with market developments now and into the future. It is this investment that we intend to leverage throughout the year, through both organic and strategic growth.

In particular, we are experiencing a great deal of interest in our wholesale energy trading and risk management platform both here and internationally and we expect also to grow our product range and enter new markets in the coming year. The Company is also assisted by market trends towards increased and improved market and operational risk management practices amongst large multinational and government clients.

With an exceptional team, good products which continue to compete and win against established players and bright prospects, the company is well positioned for the coming year.

I would like to take the opportunity to thank our Directors, our management team and all employees for their hard work and commitment during the year. I am confident our company will continue to prosper and grow into the future.

Shaun Ankers

ENERGY ONE

CORPORATE GOVERNANCE POLICY

Energy One Limited (the "Company") and its board of Directors (the "Board") are committed to achieving and demonstrating the highest standards of corporate governance.

Set out below is the Company's Corporate Governance Policy, the underlying principles of which are:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Each of these principles is dealt with in detail below.

PRINCIPLE 1: Lay solid foundations for management and oversight

The Board acknowledges that it is responsible for guiding and monitoring the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. To this end the Board is responsible for creating and safeguarding shareholder value.

The Board delegates responsibility for the operation and administration of the Company, including the day-to-day management of Energy One's affairs and the implementation of corporate strategy and policy initiatives, to the Chief Executive Officer (the "CEO") and the Senior Executives.

The Board is responsible for ensuring that management's objectives and activities are aligned with those of the shareholders and the Board. The Board's functions include:

- Protecting and advancing the interests of the shareholders.
- Providing strategic guidance for the Company.
- Providing effective oversight of management.
- Ensure that the Company operates ethically and responsibly and in compliance with
- internal codes of conduct, legal and regulatory requirements.
- Ensuring that any significant risks are identified, assessed, appropriately managed and monitored.
- Overseeing and reviewing the performance of the Senior Executives.
- Ensuring the integrity of financial reporting.
- Ensuring a high standard of corporate governance.
- Enhancing and protecting the reputation of Energy One.
- Ensuring the Board structure and its composition is effective.
- Overseeing shareholder communication.

See within this report for further information on senior executives.

PRINCIPLE 2: Structure the board to add value

Board composition

Any director appointed to fill a casual vacancy must stand for election by shareholders at the next Annual General Meeting. In addition, one-third of the Non-Executive Directors, and any other director who has held office for three years or more since last being elected, must retire from office and, if eligible, stand for re-election.

The CEO is exempt from retirement by rotation and is not counted in determining the number of directors to retire by rotation.

The following principles shall apply in respect of the Board:

- The majority of the Board will ideally be composed of independent directors, however based on the size of the Company and Board this may not always be possible.
- The Chairman and Chief Executive Officer must be separate persons.
- A director is deemed to be "independent" if they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.
- All directors, whether independent or not, should bring independent judgment to bear on board decisions. A procedure will be agreed whereby, in appropriate circumstances, directors can have access to independent professional advice at the Company's expense.
- Non-executive directors are encouraged to confer regularly without management present, including at scheduled sessions.
- Specifically, an independent director is a Non-Executive Director who:
    - is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

PRINCIPLE 2: Structure the board to add value (continued)

- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a director of the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company
- is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Where the independence status of a director changes, the Company will provide immediate notification of such change to the market. The Board will regularly assess whether each non-executive director is independent.

Given the small size of the Energy One Board, the Nomination Committee will comprise the full Board. The Board will regularly review its composition to ensure that the Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

The Directors believe the skill base of the current Directors is appropriate and adequate for the Company given its present size and stage of development. The Board will continue to monitor the need for additional skills on the Board and make further appointments as appropriate. The Chairman is elected by the full Board.

The Board holds at least eight meetings each year. Additional meetings may be held as deemed necessary to address significant matters as they arise.

The Chairman and the CEO meet regularly to discuss key issues and performance trends of Energy One.

On regular occasions the Directors receive a detailed operating review from the CEO regardless of whether or not a Board meeting is being held.

The Non-Executive Directors meet at least once a year, in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring directors are properly briefed for meetings. The CEO is responsible for implementing Energy One's strategies and policies.

Potential conflicts of interest by directors will be reported to the Board and, if necessary, directors will be excluded from discussion of the relevant matter and will not vote on that matter.

To assist in the effective discharge of their duties, directors may, in consultation with the Chairman, seek independent legal or financial advice on their duties and responsibilities at the expense of the Company and, in due course, make all Board members aware of both instructions to advisers and the advice obtained.

All directors have the right of access to all relevant Company information and to seek information from the Company secretary and senior executives. They also have a right to other records of the Company subject to these not being sought for personal purposes.

Prior to each Board meeting, the Board is provided with management reports and information in a form, timeframe and quality that enables them to discharge their duties. If they consider this information to be insufficient to support informed decision making, then they are entitled to request additional information prior to or at Board meetings. Executive management will regularly attend Board meetings to report on specific matters.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

The Board has three formally constituted Committees:

- the Audit Committee – refer Principle 4;
- the Risk Committee – refer Principle 7; and
- the Remuneration Committee – refer Principle 8.

The Board evaluates its collective performance, at which time various issues are considered including the quality of the Board's relationship with management, Board succession, complementary skill sets and the Board's role, contribution and effectiveness.

The Board regularly evaluates management's performance against various criteria and requires senior executives to formally address the Board on execution of strategy and associated issues.

PRINCIPLE 2: Structure the board to add value (continued)

Other directors maintain contact with relevant senior executives through dealings on Committees.

The Chief Executive Officer performs evaluations of senior executives and the results reviewed annually by the Remuneration Committee with specific focus on performance against key performance indicators. Also at this time key performance indicators for the ensuing year are established. The Remuneration Committee also reviews remuneration recommendations proposed by the Chief Executive Officer for making recommendations to the Board. The Remuneration Committee evaluates the performance of the Chief Executive Officer against key performance indicators and reports to the Board its recommendations on performance appraisal and remuneration.

PRINCIPLE 3: Promote ethical and responsible decision-making

The Board, in recognition of the importance of ethical and responsible decision-making has adopted a Code of Conduct for all employees and Directors, which outlines the standards of ethical behaviour and is essential to maintain the trust of all stakeholders and the wider community.

The Code requires high standards of personal integrity, objectivity and honesty in all dealings. The Code also requires a respect for the privacy of customers and others and compliance with the law and Energy One policies.

This Code is provided to all directors and employees as part of their induction process. The Code is subject to ongoing review and assessment to ensure it continues to be relevant to contemporary conditions and is available on the Company's website. All directors, executive officers and employees are responsible for taking appropriate action in proven cases of illegal behaviour outside the spirit of this Code in the workplace.

Energy One's Code of Conduct is endorsed by the Board and applies to all Directors and employees.

The Board and management of Energy One Limited are committed to the Code of Conduct which is based on the Company's core values of acting with integrity, fairness and honesty along with legal and fiduciary obligations to all legitimate stakeholders including shareholders, customers, employees and the broader community.

Gifts and benefits

Employees shall not seek or accept gifts, payments, fees, services, privileges, vacations or pleasure trips without a business purpose, loans (other than conventional loans from lending institutions), or other favours from any person or business organisations that does or seeks to do business with, or is a competitor of Energy One.

No employee shall accept anything of value in exchange for referral of third parties to any such person or business organisation. This does not prohibit an employee from accepting a gift of nominal value made in the course of a normal business relationship.

Confidentiality

Information concerning Energy One and its clients is confidential and must not be released without authorisation from a manager. Information gained through dealings with clients should only be used in the course of employment.

Privacy Act obligations

Employees must comply with the Privacy Act. Employees have an obligation and personal responsibility to respect clients', and all individuals' rights to privacy. This means doing everything the security of any personal information handled in the course of employment.

Protecting confidential information

Commercially sensitive documents, records and files should be stored securely and not left where visible.

Confidential information should not be left on computer screens and computer access passwords must not be shared with others.

E-mail and internet

Computer systems should be secured and used for business purposes only. This ensures the long-term integrity of the systems and confidentiality of business, customer and employee data. Employees must not misuse email or Internet systems and should refer to Energy One's Email and Internet Usage policy, which they are required to sign at the time of employment.

Confidentiality after ceasing employment

When signed, Energy One's Code of Conduct legally obliges staff to keep any information acquired during employment confidential, even after employment ceases. Staff cannot pass on information about Energy One's business, customers, suppliers or staff.

Drugs and alcohol

The use of drugs and alcohol may impair an employee's capacity to perform their job safely, efficiently and with respect for work colleagues and clients. No employees are to work whilst under the influence of alcohol or drugs. Employees found to be under the influence of drugs or alcohol, or in possession of illegal drugs whilst at work will be subject to disciplinary action and in some cases, their employment may be terminated. Employees who from time to time require prescription medication that affects or has the potential to affect their ability to carry out their duties in a safe manner are required to report the taking of any such medication to their manager.

PRINCIPLE 3: Promote ethical and responsible decision-making (continued)

Share trading policy

The Company's share trading policy is designed to minimise the risk that Energy One, its directors and its employees will breach the insider trading provisions of the Corporations Act or compromise confidence in Energy One's practices in relation to securities trading. The policy prohibits directors and employees from trading in Energy One securities when they are in possession of information not generally available to the investment community, and otherwise confining the opportunity for directors and employees to trade in Energy One securities to certain limited periods.

This policy applies to the following ("Senior Executives"):

- Directors;
- Chief Executive Officer;
- Chief Financial Officer;
- Financial Controller;
- Chief Operating Officer;
- Company Secretary;
- National Sales Manager;
- Operations Managers;
- all financial management employees. and
- any other employee who has access to Non-Public Price Sensitive Information (see below).

This policy also applies to related parties of Senior Executives such as spouses (including de-factos), children under 18, family companies of which the Senior Executive is a director and family trusts in which the Senior Executive has a beneficial interest or makes the investment decisions.

Background

Generally, the insider trading provisions of the Corporations Act prohibit a person who possesses Non-Public Price Sensitive Information from applying for, acquiring, or disposing of, securities, or procuring another person to do the same ("Deal" or "Dealing"). "Non-Public Price Sensitive Information" means information that is not generally available, but if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a company's securities. A person who breaches the insider trading provisions may face severe penalties, including imprisonment.

Share trading policy

Employees must not, at any time, Deal in Energy One securities if in possession of Non-Public Price Sensitive Information. Employees who are personally satisfied that they are not in possession of Non-Public Price Sensitive Information may Deal in Energy One securities during designated "Senior Executive Trading Periods".

Unless notified otherwise, the "Senior Executive Trading Periods" are:

- 30 days following the day after the release of Energy One's interim results;
- 30 days following the day after the release of Energy One's final results; and
- 30 days following the day after Energy One's Annual General Meeting.

Outside of the Trading Periods, Senior Executives may only Deal in Energy One securities with the prior consent of the Chief Executive Officer and in the case of the Chief Executive Officer consent from the Chairman.

Directors and Senior Executives will not be permitted to undertake any short-term trading in the Company's securities.

Any Director must obtain prior approval from the Chairman before buying or selling securities in the Company in addition to the requirements of the ASX or Corporations Act. Under the ASX Listing Rules, Directors must notify the ASX within 5 days of any Dealing in the Company's securities. Further, under the Corporations Act, directors themselves must notify the ASX within 14 days. Notice given by Energy One satisfies the director's personal obligations under the Corporations Act.

Following a Deal by a Senior Executive, details of that Deal must be provided to the Company Secretary within 5 days and also in accordance with the Corporations Act.

It is inappropriate for Senior Executives to procure others to trade in Energy One securities when they are precluded from trading.

Exceptions to the policy

The Chairman has the discretion to grant an exemption to Dealing by a related party where it can be demonstrated the related party Deals independently in shares or securities on a bona fide basis.

In exceptional cases of financial hardship, the Chairman has discretion to approve Dealing in Energy One securities that would otherwise be prohibited by the share trading policy. However, the Chairman has no discretion to approve Dealing by Senior Executives who possess Non-Public Price Sensitive Information.

PRINCIPLE 4: Safeguard integrity in financial reporting

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) are to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 4: Safeguard integrity in financial reporting (continued)

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the internal and external audit functions.

The main responsibilities of the Audit Committee are to:

- Recommend the external auditor's appointment/removal, review the auditors performance and audit scope.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Help the Board oversee the risk management framework.
- Review the Company's published financial results.
- Report to the Board on matters relevant to the committee's role and responsibilities.
- Review and monitor Energy One's compliance with law and ASX Listing Rules.
- Review and monitor related party transactions and assess their propriety.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Chairman of the Audit Committee should be a Non-Executive Director who is not chairperson of the Board. The committee itself should be made up of non-executive directors only, with the majority to be independent. Due to the size of the Company's Board this will not always be possible.

The policy of Energy One and the Audit Committee is to appoint an external auditor, which clearly demonstrates quality and independence. The performance of the external auditor is reviewed and assessed annually.

Should a change in auditor be considered necessary a formal tendering process will be undertaken. The Audit Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

PRINCIPLE 5: Make timely and balanced disclosure

The continuous disclosure requirements of the ASX are contained in Chapter 3 of the ASX Listing Rules and have been adopted by the Company.

The Company will establish policies and procedures on information disclosure to ensure all investors have equal and timely access to material information concerning the Company and to enable a normal investor to make an informed assessment of the Company's activities and trading results.

The Company Secretary is responsible for:

- Making sure that the Company complies with the continuous disclosure requirements under the ASX Listing Rules;
- Overseeing and coordinating disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public; and
- Educating directors and staff on the Company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.

Market sensitive and material information will be publicly released through the ASX before disclosing it to analysts or others outside the Company.

Where uncertainty arises as to the meeting of continuous disclosure obligations, the Company Secretary may seek external legal advice. The Board monitors the implementation and effectiveness of the continuous disclosure procedures and promotes the understanding of compliance.

PRINCIPLE 6: Respect the rights of shareholders

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Board encourages the full participation of shareholders at its annual general meetings and welcomes questions from shareholders on relevant issues.

Energy One will request the External Auditor to attend the annual general meeting to be able to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditors report.

As per the continuous disclosure requirements in the ASX listing rules, Energy One Limited will immediately disclose any information that a reasonable person would expect to have a material effect on the value of our securities.

Any information communicated to the ASX will also be published on the Company's website.

PRINCIPLE 7: Recognise and manage risk

Risk Committee

The Risk Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The main responsibilities of the Risk Committee are:

- to establish a sound system of risk oversight and management and internal control under which Energy One can identify, assess, monitor and manage risk;
- to inform the Board of material changes to the risk profile of Energy One and maintain appropriate risk management practices and systems throughout the operations of Energy One; These functions include but are not limited to:
  - Ensuring Energy One's senior executives adhere to any monitoring program set down by the Risk Committee.
  - Identifying any un-hedged exposure and the rationale for such a position.
  - Ensuring appropriate risk limits are set and adhered to.
  - Ensuring the conditions of the Company's Australian Financial Services license are being adhered to.

The Risk Committee members are all required to possess sufficient technical expertise and industry knowledge to fulfill the functions of the Committee.

Management report monthly to the Board on the effectiveness of the Company's material business risks.

For further information on senior executive remuneration see pages 16 to 19.

PRINCIPLE 8: Remunerate fairly and responsibly

Energy One's remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration Committee reviews and makes recommendations to the Board on director and senior executive remuneration and overall staff remuneration and incentive policies.

When making recommendations, the Committee aims to design policies that attract and retain the executives needed to run the Company successfully and to motivate executives to pursue appropriate growth strategies while aligning shareholder return with remuneration.

Remuneration for senior executives typically comprises a package of fixed and performance based components. The Committee may, from time to time, seek advice from special remuneration consulting groups so as to ensure that the Board remains informed of market trends and practices.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entity (the Group) for the financial year ended 30 June 2010.

Directors

The names of directors in office at any time during or since the end of the year are:

Shaun Ankers (appointed 22 June 2010)

Andrew Bonwick

Richard Brys (resigned 22 June 2010)

Vaughan Busby

Ian Ferrier

Ottmar Weiss

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Reena Minhas (BSc; CA) – appointed CFO and Company Secretary on 25th January 2010

Principal Activities

The principal activity of the Group during the financial year was:

- Supplier of software and services to energy companies and utilities.

Following the suspension of the Company's retailing activities at the end of the 2007 financial year, the Company has focused on the continued development of its software and services business, which is now its principal activity. There were no other significant changes in the nature of the Company during the financial year.

Dividends Paid or Recommended

There were no dividends paid or declared for payment during the year. No dividends have been declared or paid since year end.

Review of Operations and Financial position

The net profit, after providing for income tax, for 2010 was $171,054 (2009: $90,083 Net Loss After Tax). Total revenue for the year was $4,201,510 of this $123,369 was interest earned from cash held on term deposits and $603,933 was from research and development rebates relating to the development of the both the Retailing and Trading software. All other income was from the software business, in which the direct project related costs were $497,574.

After wages of $2,321,519, depreciation and amortisation of $432,946, other expenses of $628,350 and an impairment loss and write offs on intangible assets of $150,067 the company produced a net profit after tax of $171,054.

As of 30 June 2010 the Group had $2,384,182 cash on hand and no significant long-term liabilities.

In 2009 the Group purchased the UtiliSolutions software rights (ETRM software) and customers. During 2010 Energy One signed another contract with a major government organisation to install its ETRM software, for which it has other customers.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs for the company during the 2010 financial year, other than those that are described above.

After Balance Date Events

There has been no after balance date transactions that have significantly affected or may significantly affect the operations of the company, the result of those operations or the state of affairs of the company subsequent to the year ended 30 June 2010.

DIRECTORS' REPORT (cont.)

Future Developments, Prospects and Business Strategies

The Group strategy for growth involves organic growth with existing products, the development of new products for new market segments and through the use of targeted strategic growth via acquisition.

The Group enjoys the reputation of being one of few local suppliers of specialist software and expertise to Australian electricity market customers and our commitment to local customers is demonstrated in our success in competing with large international suppliers. With multi-year Government contracts in hand the Company is well placed to entertain dealings with major and multinational prospective customers. We are currently developing a pipeline of opportunities for our existing software solutions for the year ahead.

Furthermore, our expertise and flexibility allows us to develop products for allied markets and geographies in which we see growth potential. In particular, other types of energy commodity and other, targeted territories such as New Zealand and the United Kingdom.

The Group also remains open to exploring growth through targeted acquisition or technology sharing arrangements where those opportunities provide strategic synergies for the business within our chosen markets and in keeping with our focus and vision.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

Information on Directors

Mr Shaun Ankers

Managing Director / Non-independent Executive Director

Qualifications: BSc (Hons)

Experience

Mr Ankers has more than 20 years business experience, focussed on the growth and development of technology businesses, including sales and marketing experience with Utilities and major clients.

Interest in Shares and Options

87,000 Ordinary Shares in Energy One Limited

Directorships held in other listed entities in the last 3 years

N/A

Mr Andrew Bonwick

Independent Director

Qualifications: B App.Sc.; M Comm

Experience

Mr Bonwick was the Managing Director of ASX listed Australian Energy Limited (now called Power Direct) and prior to that was the Marketing Director of Yallourn Energy for 6 years. His career has included roles in senior management, institutional equity research and management consulting.

Interest in Shares and Options

59,500 Ordinary Shares in Energy One Limited and options to acquire a further 300,000 Ordinary Shares

Directorships held in other listed entities in the last 3 years

Mr Bonwick is the current MD of Azurn Limited (appointed 19 August 2010) and has previously been a director of Green Invest Limited and Australian Energy Limited.

Mr Vaughan Busby

Non-independent Director

Qualifications: B.Pharm; MBA

Experience

Mr Busby was previously the CEO and Managing Director of Energy One. Previously a Director of Ferrier Hodgson, he has considerable experience in turnaround and restructuring of businesses.

Interest in Shares and Options

3,029,739 Ordinary Shares in Energy One Limited and options to acquire a further 2,400,000 Ordinary Shares

Directorships held in other listed entities in the last 3 years

N/A

Mr Ian Ferrier

Non-independent Director

Qualifications: CA

Experience

Mr Ferrier has over 40 years experience in corporate recovery and turnaround practice. Mr Ferrier is also a director of a number of private and public companies. He is also a fellow of The Institute of Chartered Accountants in Australia.

Interest in Shares and Options

5,958,365 Ordinary Shares in Energy One Limited.

Directorships held in other listed entities in the last 3 years

Mr Ferrier is currently Chairman of InvoCare Limited, Goodman Group Limited, Australian Vintage Limited and a director of Reckon Limited.

Mr Ottmar Weiss

Chairman - Independent Director

Qualifications: BA (accounting); CPA

Experience

Mr Weiss has over 25 years experience in banking, finance and risk management, as well as being a qualified accountant and registered Tax Agent. Previously, Mr Weiss worked at Macquarie Bank where he held the position of Global Head of the Equity Markets Group and was also a member of Macquarie Bank's Executive Committee.

Interest in Shares and Options

200,000 Ordinary Shares in Energy One Limited and options to acquire a further 600,000 Ordinary Shares

Directorships held in other listed entities in the last 3 years

N/A

DIRECTORS' REPORT (cont.)

Meetings of Directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Directors' Meetings		Committee Meetings					
			Audit Committee		Remuneration Committee		Risk Management Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Shaun Ankers[(a)]	1	1	NA	NA	NA	NA	NA	NA
Andrew Bonwick	12	12	2	2	4	4	2	1
Richard Brys[(b)]	12	12	2	2	NA	NA	2	1
Vaughan Busby	12	12	2	2	4	4	2	1
Ian Ferrier	12	10	NA	NA	4	4	2	1
Ottmar Weiss	12	12	NA	NA	4	4	2	1

(a) Mr Ankers was appointed as a Director on 22 June 2010.

(b) Mr Brys resigned as a Director on 22 June 2010.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Energy One Limited, and for the executives receiving the highest remuneration. The information provided in this report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration policy

Energy One's remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration Committee reviews and makes recommendations to the Board on director and senior executive remuneration and overall staff remuneration and incentive policies.

When making recommendations, the Committee aims to design policies that attract and retain the executives needed to run the Company successfully and to motivate executives to pursue appropriate growth strategies while aligning shareholder return with remuneration.

Remuneration for senior executives typically comprises a package of fixed and performance based components. The Committee may, from time to time, seek advice from special remuneration consulting groups so as to ensure that the Board remains informed of market trends and practices, and did so in this financial year.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Performance-related remuneration for key management during the 2010 financial year was tied to the company's share price. There were no performance-related remuneration payments made to key management personnel during the 2010 financial year.

Executives are also entitled to participate in the employee share and option arrangements.

DIRECTORS' REPORT (cont.)

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is measured at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan. Directors meet individually on a yearly basis with the chairman to discuss their performance.

Key Management Personnel Remuneration Policy

The remuneration structure for key management personnel is based on a number of factors, including the particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Any options not exercised before or on the date of termination lapse.

Employment contracts stipulate a range of between one and three months' notice of resignation. The Company may terminate an employment contract without cause by providing one month to three months written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment as per relevant legislation. The employment conditions of the managing director, Mr Ankers and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Energy One Limited. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel. Other than options, all compensations are not related to performance. Refer to the table on the next page.

DIRECTORS' REPORT (cont.)

Directors and Management Remuneration – 2010

	Short-term Benefits		Post Employ-ment	Equity	Total
Key Management Person	**Cash, salary and commis-sions**	**Non-Cash Benefits**	**Superannuation**	**Options**	
	$	$	$	$	$
Mr Shaun Ankers [(a)]	59,483	-	4,935	-	64,418
Mr Andrew Bonwick	45,872	-	4,128	-	50,000
Mr Richard Brys [(a)]	206,422	-	18,578	3,765	228,765
Mr Vaughan Busby	45,872	-	4,128	-	50,000
Mr Ian Ferrier	25,432	-	2,289	-	27,721
Mr Ottmar Weiss	84,098	-	7,569	-	91,667
Joshua Rudd [(b)]	38,563	-	2,813	-	41,376
Ms Reena Minhas [(b)]	71,819	-	6,464	-	78,283
Mr Vincent ten Krooden [(c)]	62,731	-	5,645	-	68,376
	640,292	**-**	**56,549**	**3,765**	**700,606**

(a) Shaun Ankers replaced Richard Brys as CEO and Director effective 22 June 2010. Shaun Ankers was previously employed at the company as a General Manager - Business Development until December 2009.

(b) Reena Minhas replaced Joshua Rudd as CFO and Company Secretary on 25 January 2010.

(c) Vincent ten Krooden appointed as Operations Manager effective 10 March 2010.

(d) There were no other changes in positions held other than those noted above.

Directors and Management Remuneration – 2009

	Short-term Benefits		Post Employ-ment	Equity	Total
Key Management Person	**Cash, salary and commis-sions**	**Non-Cash Benefits**	**Superannuation**	**Options**	
	$	$	$	$	$
Mr Andrew Bonwick	45,872	-	4,128	-	50,000
Mr Richard Brys	192,647	-	17,730	-	210,377
Mr Vaughan Busby	68,181	-	7,015	-	75,196
Mr Ian Ferrier	27,321	-	2,458	-	29,779
Mr Ottmar Weiss	45,872	-	4,128	-	50,000
Mr Paul Gramenz	94,045	-	8,257	-	102,302
Mr Joshua Rudd	76,967	-	6,802	-	83,769
	550,905	**-**	**50,518**	**-**	**601,423**

(a) There were changes in positions held during the financial year.

(b) There were no other key management personnel in office other than those listed above.

DIRECTORS' REPORT (cont.)

Options issued as part of remuneration for the year ended 30 June 2010

Options are issued to directors as part of their remuneration in order to align Directors interests with those of shareholders. The options only being able to be exercised once specific increases in total shareholder return are achieved.

Options Granted as Remuneration

					Terms & Conditions for Each Grant		
	Vested No.	**Granted No.**	**Grant Date**	**Value per Option at Grant Date $**	**Exercise Price $**	**First Exercise Date**	**Last Exercise Date**
Directors							
Richard Brys	-	500,000	28.01.10	0.0477	0.37	30.09.10	30.03.13

The options above were issued in three equal tranches. In order for options to vest Energy One's NPAT must meet the following performance conditions:

Tranche 1	$1.100 million
Tranche 2	$1.650 million
Tranche 3	$2.475 million

Options which fail to meet the performance conditions shall be added to the next tranche where they shall be subject to the performance conditions of that tranche.

No options other than those listed above have been granted to directors or employees.

There were no options issued during the 2009 financial year.

Options

At the date of this report, the unissued ordinary shares of Energy One Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
28 January 2010	30 March 2013	$0.37	500,000
13 February 2008	13 February 2013	$0.22	3,900,000 (a)
			4,400,000

(a) These options were issued in three equal tranches. In order for the options to vest Energy One's share price must reach the following hurdles:

Tranche 1	27.5 cents
Tranche 2	34.4 cents
Tranche 3	43.0 cents

(b) During the year, the company cancelled 3,300,000 options issued to the Directors on 8 May 2007.

(c) No option holder has any rights under the options to participate in any other share issue of the company.

Indemnifying Officers or Auditor

The Company has paid premiums to insure all of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium which covers a one year period was $17,525 (excl GST). Indemnity has not been provided for auditors.

DIRECTORS' REPORT (cont.)

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor, WHK Horwath Sydney's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2010:

	$
Taxation services	18,300
Other	5,000
	23,300

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found after the directors' report.

This report of the Directors, incorporating the remuneration report is signed in accordance with a resolution of the Board of Directors.

Ottmar Weiss,	Shaun Ankers,
Chairman	Managing Director

Dated 30 August 2010

AUDITOR'S INDEPENDENCE DECLARATION

WHK Horwath

The Board of Directors
Energy One Limited
Level 5, 62 Pitt Street
SYDNEY NSW 2000

30 August 2010

Dear Board Members

ENERGY ONE LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Energy One Limited.

As lead audit principal for the audit of the financial statements of Energy One Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely

Whk Horwath Sydney

WHK HORWATH SYDNEY

L Russell

LEAH RUSSELL
Principal

Total Financial Solutions

Crowe Horwath

WHK Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity.

COVER OF EXCELLENCE *Liability limited by a scheme approved under Professional Standards Legislation*

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A WHK Group Firm

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
Revenue from continuing operations			
Revenue	2	3,474,208	1,555,648
Other Income	2	727,302	638,671
Direct project related costs	3	(497,574)	(280,224)
Employee benefits expense		(2,321,519)	(1,344,805)
Depreciation and amortisation expense	3	(432,946)	(310,320)
Rental expenses		(104,319)	(96,749)
Finance costs	3	(44,399)	(4,205)
Accounting fees		(41,038)	(76,584)
Insurance		(37,522)	(31,123)
Legal fees		(23,384)	(52,482)
Debt collection fees		2,110	(25,412)
Reversal of doubtful debts	3	-	121,371
Other expenses		(379,798)	(183,869)
Impairment loss and write offs on intangible assets	12	(150,067)	-
Profit / (Loss) before income tax		**171,054**	**(90,083)**
Income tax benefit / (expense)	4	-	-
Profit / (Loss) after income tax from continuing operations attributable to owners of the parent entity		**171,054**	**(90,083)**
Other comprehensive income		-	-
Total comprehensive income / (loss)		**171,054**	**(90,083)**
Total comprehensive income / (loss) attributable to members of the parent entity		171,054	(90,083)
Overall Operations – continuing operations			
Basic earnings per share (cents per share)	7	0.88	(0.40)
Diluted earnings per share (cents per share)	7	0.65	(0.30)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,384,182	3,388,282
Trade and other receivables	9	1,705,454	1,200,516
Other current assets	10	47,342	26,487
TOTAL CURRENT ASSETS		**4,136,978**	**4,615,285**
NON-CURRENT ASSETS			
Plant and equipment	11	85,751	70,808
Intangible assets - Software	12	1,227,092	1,328,540
Intangible assets - Other	12	459,206	478,485
Other assets	8	238,931	42,531
TOTAL NON-CURRENT ASSETS		**2,010,980**	**1,920,364**
TOTAL ASSETS		**6,147,958**	**6,535,649**
CURRENT LIABILITIES			
Trade and other payables	13	372,408	707,830
Deferred revenue		320,946	-
Short–term provisions	14	79,217	89,343
TOTAL CURRENT LIABILITIES		**772,571**	**797,173**
NON-CURRENT LIABILITIES			
Long-term provisions	14	16,024	14,067
TOTAL NON-CURRENT LIABILITIES		**16,024**	**14,067**
TOTAL LIABILITIES		**788,595**	**811,240**
NET ASSETS		**5,359,363**	**5,724,409**
EQUITY			
Issued capital	15	8,246,064	8,785,929
Reserves	16	81,242	77,477
Accumulated losses		(2,967,943)	(3,138,997)
TOTAL EQUITY		**5,359,363**	**5,724,409**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated Group			
	Notes	Share Capital Ordinary	Share Based Payments Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 30 June 2008		8,785,929	77,477	(3,048,914)	5,814,492
Total comprehensive loss for the year		-	-	(90,083)	(90,083)
Balance at 30 June 2009		8,785,929	77,477	(3,138,997)	5,724,409
Total comprehensive income for the year		-	-	171,054	171,054
Share Buy Back	15	(539,865)	-	-	(539,865)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services		-	3,765	-	3,765
Balance at 30 June 2010		8,246,064	81,242	(2,967,943)	5,359,363

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated Group	
	Note	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,254,844	1,085,380
Payments to suppliers and employees		(3,710,188)	(2,288,042)
Interest received		105,768	297,066
Finance costs		(49,050)	(4,205)
Net cash provided by / (used in) operating activities	20	601,374	(909,801)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(40,927)	12,258
Purchase of intangible assets	12	(392,466)	(200,000)
Payments for development costs	12	(436,575)	(656,458)
Proceeds from sale of property, plant and equipment		859	-
Net cash used in investing activities		(869,109)	(844,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share buy back	15	(539,864)	-
Net cash used in financing activities		(539,864)	-
Net (decrease) / increase in cash held		(807,599)	(1,754,001)
Cash at beginning of financial year	8	3,430,712	5,184,713
Cash at end of financial year	8	**2,623,113**	**3,430,712**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The separate financial statements of the parent entity, Energy One Limited have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

(a) Basis of preparation

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. 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, as modified by the revaluation to fair value of financial assets and liabilities (including derivative instruments).

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(r).

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

The financial statements are presented in Australian dollars.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Energy One Limited ("company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries 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.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

Change in accounting policy

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The group operates in a single aggregate business segment, being the supply of software and services to the electricity 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.

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. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. 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.

(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.

(i) Investment allowances

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(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 charged as expenses in the periods in which they are incurred. 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) Plant and equipment

Plant and equipment is 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 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 assets 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 25%-40%

The cost of improvements to or on leasehold properties is 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 comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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 2010, 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 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. The amortisation period is 60 months.

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

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. 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.

i. *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.

ii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Derecognition

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.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value (mark to market) are taken to the income statement unless they are designated as cash flow hedges. There were none held in the 2010 financial year.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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 and salaries, annual leave and sick leave

Liabilities for wages, salaries and superannuation benefits including non-monetary benefits, annual leave and accumulating sick 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 settled, including appropriate on-costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. 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 all 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. The total amount to be expensed over the vesting period is determined the fair value of the shares of the options granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Employee option plan

The establishment of the Energy One Employee Option Plan (EOP) was approved by shareholders at the extraordinary general meeting held on 2 April 2007. The EOP was designed to provide long term incentives for directors to deliver long term shareholder returns.

The fair value of options granted under the EOP 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 Black-Scholes option 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.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Upon the exercise of options, the exercise proceeds received are allocated to share capital and the balance of the share-based payments reserve relating to those options is transferred to share capital.

Employee share plans

The establishment of the Energy One Exempt Employee Share Plan (EESP) was approved by shareholders at the extraordinary general meeting held on 2 April 2007. The EESP was designed to encourage employees to own shares in the Company. All employees with more than 12 months service may enter the plan whereby each year they can purchase $500 worth of shares in the Company and the Company will purchase $500 worth of shares on their behalf. Employees may elect not to participate in the scheme.

The establishment of the Energy One Deferred Employee Share Plan (DESP) was approved by shareholders at the extraordinary general meeting held on 2 April 2007. The DESP was designed to encourage employees to own shares in the Company. Invited employees may acquire shares in the Company via salary sacrifice. Employees may elect not to participate in the scheme.

(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, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(p) Earnings per share

Basic earnings per share is determined by dividing the operating profit/(loss) 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) Comparative figures

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

(r) Critical accounting estimates and judgments

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

Key Estimates — Impairment

The Company 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. Any impairment is advised in note 12.

Key Judgments — Provision for impairment of receivables

The directors have not made a provision for impairment of receivables as at 30 June 2010. Refer to note (l) and Note 23.

(s) Going concern

The Group has $2,384,182 cash and cash equivalents as at 30 June 2010 and no significant liabilities. In 2010 the Company won its second multi-year contract for the provision of the ETRM Solution. The Group now has customers using this software. The sales pipeline for the 2011 financial year is promising. The Directors believe the cash reserve is sufficient to finance the operating costs and software development costs.

As a result of these activities and the available cash reserves, the Directors believe the Group to be a going concern.

Reserves
The Group has adequate reserves to allow the measured development and marketing of the above activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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 comprehensive income.

(u) R&D Tax Concession Offset

The Group, through the continued development of its Software has invested funds in research and development. Under the Research & Development Tax Concession scheme administered by AusIndustry, the Australian Government offers rebates for funds invested in research and development. Rebates and any offsets from the scheme are recognised at their fair value where there is a reasonable assurance that an offset will be received and the Group will comply with all attached conditions.

(v) 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.

The financial report was authorised for issue on 30 August 2010 by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2: REVENUE AND OTHER INCOME

	Note	2010 $	2009 $
Sales revenue			
Sale of goods & related services		3,474,208	1,555,648
Other Revenue			
Interest received from other persons		123,369	297,066
R&D Tax Concession Offset	(a)	603,933	341,605
Total revenue from continuing operations		4,201,510	2,194,319

(a) The Company is expecting a research and development tax concession offset of $603,933 from the Australian Tax Office (2009: $341,605). The offset was recognised as other income by the Group during the financial year.

NOTE 3: PROFIT FOR THE YEAR

	Note	2010 $	2009 $
EXPENSES			
Direct project related costs		497,574	280,224
Depreciation and amortisation			
Plant & equipment	11	25,711	32,737
Software development costs	12	407,235	277,583
Total		432,946	310,320
Impairment loss and write offs			
Software	12	130,788	-
Trade marks and licences	12	19,279	11,674
Finance costs			
Fair value of contingent payment on business acquisition		44,252	-
Interest – external		147	4,205
Total		44,399	4205
Bad and doubtful debts			
Trade receivables	9	-	(121,371)
Rental expense on operating leases			
Minimum lease payments		108,970	100,929
Research and development			
Software		475,861	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 4: INCOME TAX EXPENSE

		Note	2010 $	2009
(a)	The components of tax expense comprise:			
	Current tax		-	-
	Deferred tax		-	-
	Recoupment of prior year tax losses		-	-
			-	-
(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% (2009: 30%)		51,316	(27,025)
	Add:			
	Tax effect of:			
	Non deductible expenses		(33,051)	9,305
	Less:			
	Tax effect of:			
	Recoupment of prior year tax losses not previously brought to account		-	-
	Benefit of tax loss not bought to account		(18,265)	17,720
	Income tax attributable to entity		-	-
	The applicable weighted average effective tax rates are as follows:		-%	-%

		Opening Balance	Charge to Income	Closing Balance
(c)	Non Current			
	Deferred tax asset			
	- Tax losses	173,262	(52,175)	121,087
	Deferred tax liability			
	- Unearned income	(173,262)	52,175	(121,087)
	Net	-	-	-

(d) Tax

The company has unrecognised accrued tax losses of $2,382,327 to 30 June 2010 (2009: $2,417,080). If those tax losses could be offset against taxable income they could be valued at $714,698 (2009: $725,124). These accumulated tax losses have not been brought to account as the probability of their utilisation has not been substantiated. In addition, to obtain the benefit of the losses the continuity of ownership or same business test needs to be satisfied. The Group is currently confirming whether these tests have been passed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The names and positions held by key management personnel in office at any time during the financial year are:

(a) Key Management Person	Position
Shaun Ankers (appointed 22 June 2010)	Director and Chief Executive Officer
Andrew Bonwick	Director – Non-Executive
Richard Brys (resigned 22 June 2010)	Director and Chief Executive Officer
Vaughan Busby	Director – Non-Executive
Ian Douglas Ferrier	Director – Non-Executive
Ottmar Weiss	Director and Chairman – Non-Executive
Joshua Rudd (resigned 25 January 2010)	Chief Financial Officer and Company Secretary
Reena Minhas (appointed 25 January 2010)	Chief Financial Officer and Company Secretary
Vincent Ten Krooden (appointed 10 March 2010)	Operations Manager

Total key management personnel compensation of $700,606 (2009: $601,423) consists of short-term benefits of $640,292 (2009: $550,905), post-employment benefits of $56,549 (2009: $50,518) and a share based payment of $3,765 (2009: nil)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

(b) Options and Rights Holdings

The number of options over ordinary shares in the company held during the financial year by each director and other key management personnel of the company, including their personally related parties, are set out below.

Number of Options Held by Key Management Personnel (2010)

	Balance 1.7.2009	Granted as Compensation	Options Lapsed	Balance 30.6.2010	Total Vested & Exercisable 30.6.2010	Total Unexer-cisable 30.6.2010
Andrew Bonwick	600,000	-	(300,000)	300,000	-	300,000
Vaughan Busby	4,800,000	-	(2,400,000)	2,400,000	-	2,400,000
Ottmar Weiss	1,200,000	-	(600,000)	600,000	-	600,000
Richard Brys	600,000	500,000	-	1,100,000	-	1,100,000
Total	7,200,000	500,000	(3,300,000)	4,400,000	-	4,400,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

Number of Options Held by Key Management Personnel (2009)

	Balance 1.7.2008	Granted as Compensation	Options Exercised	Balance 30.6.2009	Total Vested & Exercisable 30.6.2009	Total Unexer-cisable 30.6.2009
Andrew Bonwick	600,000	-	-	600,000	-	600,000
Richard Brys	600,000	-	-	600,000	-	600,000
Vaughan Busby	4,800,000	-	-	4,800,000	-	4,800,000
Ottmar Weiss	1,200,000	-	-	1,200,000	-	1,200,000
Total	7,200,000	-	-	7,200,000	-	7,200,000

(c) Interest in Shareholdings

The number of shares in the company held during the financial year by each Director and other key management personnel of the company, including their personally related parties, are set out below. There were no shares granted during the period as compensation.

Number of Shares held by Key Management Personnel (2010)

	Balance 1.7.2009	Options Exercised	Net Change Other*	Shares held on appointment/ (cessation)	Balance 30.6.2010
Mr Shaun Ankers	-	-	87,000	-	87,000
Mr Andrew Bonwick	56,000	-	3,500	-	59,500
Mr Richard Brys	98,005	-	259,315	-	357,320
Mr Vaughan Busby	2,764,888	-	264,851	-	3,029,739
Mr Ian Ferrier	5,958,365	-	-	-	5,958,365
Mr Ottmar Weiss	200,000	-	-	-	200,000
Joshua Rudd	30,751	-	-	(30,751)	-
Ms Reena Minhas	-	-	-	3,000	3,000
Vincent Ten Krooden	-	-	5,000	-	5,000
Total	9,108,009	-	619,666	(27,751)	9,699,924

* Net Change Other refers to shares purchased or sold during the financial year.

Number of Shares held by Key Management Personnel (2009)

	Balance 1.7.2008	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.6.2009
Mr Andrew Bonwick	56,000	-	-	-	56,000
Mr Richard Brys	98,005	-	-	-	98,005
Mr Vaughan Busby	2,764,888	-	-	-	2,764,888
Mr Ian Ferrier	5,958,365	-	-	-	5,958,365
Mr Joshua Rudd	30,751	-	-	-	30,751
Mr Ottmar Weiss	200,000	-	-	-	200,000
Total	9,108,009	-	-	-	9,108,009

* Net Change Other refers to shares purchased or sold during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

(d) Loans to key management personnel

There were no loans to directors of the Company or to key management personnel, including their personally related parties.

NOTE 6: AUDITORS' REMUNERATION

	2010 $	2009 $
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial reports	35,710	55,434
Taxation Services	23,300	21,150
Total	59,010	76,584

It is the Group's policy to engage WHK Horwath Sydney to conduct assignments additional to their statutory audit duties where appropriate. These assignments are principally tax advice.

NOTE 7: EARNINGS PER SHARE

		2010 $	2009 $
Basic EPS		0.0088	(0.004)
Diluted EPS		0.0065	(0.003)
(a)	Earnings used in calculating basic and diluted earnings per share	171,054	(90,083)
(b)	Weighted average number of ordinary shares used in calculating basic earnings per share	19,481,231	22,119,384
(c)	Weighted average number of options outstanding	6,964,932	7,200,000
(d)	Weighted average number of ordinary shares used in calculating diluted earnings per share:	26,446,163	29,319,384

(e) Information concerning the classification of securities

Options

Options granted to employees under the Energy One Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 24.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 8: CASH AND CASH EQUIVALENTS

	Notes	2010 $	2009 $
Cash at bank and in hand		1,532,442	461,143
Short-term bank deposits		851,740	2,927,139
		2,384,182	3,388,282

At the reporting date, the consolidated Group has deposits with banks that are used for restricted bank guarantees of $238,931. These have been classified as Other Assets on the balance sheet as they have a term greater than 1 year.

The effective interest rate on short-term bank deposits for the year was 4.34% (2009: 6.25%); these deposits have an average maturity of 75 days.

Reconciliation of Cash
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:

	2010 $	2009 $
Cash and cash equivalents	2,384,182	3,388,282
Deposit with bank for bank guarantees	238,931	42,430
Balance per statement of cash flows	2,623,113	3,430,712

The Group's exposure to interest rate risk is discussed in note 23.

NOTE 9: TRADE AND OTHER RECEIVABLES

	Notes	2010 $	2009 $
Current			
Trade receivables		90,073	65,014
Accrued income	9(a)	970,125	756,243
R&D Tax Concession Offset	9(b)	600,000	341,605
Other receivables		45,256	37,654
		1,705,454	1,200,516
Movement in the provision for impairment of receivables:			
Beginning balance		-	407,435
Additional provision		-	49,300
Reversal of prior year provision		-	(121,371)
Write offs of doubtful debts		-	(263,738)
Recovery of prior year write offs		-	(71,626)
		-	-

(a) Accrued Income

As at 30 June 2010 the Group accrued income based on work completed and not yet invoiced.

(b) R&D Tax Concession Offset

As at 30 June 2010 the Group expects a tax rebate offset from the Australian Tax Office for Research and Development relating to software development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 9: TRADE AND OTHER RECEIVABLES (cont.)

(c) 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 23 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 $000	Past due and impaired $000	Past due but not impaired (days overdue)				Within initial trade terms $000
			< 30 $000	31–60 $000	61–90 $000	> 90 $000	
2010							
Trade and term receivables	1,060,198	-	77,276	11,250	-	1,547	970,125
Other receivables	645,256	-	-	-	-	-	645,256
Total	1,705,454	-	77,276	11,250	-	1,547	1,615,381
2009							
Trade and term receivables	821,257	-	34,592	312	-	3,140	783,213
Other receivables	379,259	-	-	-	-	-	379,259
Total	1,200,516	-	34,592	312	-	3,140	1,162,472

NOTE 10: OTHER CURRENT ASSETS	**2010 $**	**2009 $**
Prepayments	47,342	26,487

NOTE 11: PLANT AND EQUIPMENT	**2010 $**	**2009 $**
At cost	215,056	182,395
Accumulated depreciation	(129,305)	(111,587)
	85,751	70,808

(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are reconciled as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 11: PLANT AND EQUIPMENT (cont.)

	Total Plant and Equipment $
Balance as at 30 June 2008	110,436
Additions	30,218
Disposals	(37,109)
Depreciation expense	(32,737)
Balance as at 30 June 2009	70,808
Additions	40,927
Disposals	(273)
Depreciation expense	(25,711)
Balance as at 30 June 2010	85,751

NOTE 12: INTANGIBLE ASSETS

	Notes	**2010 $**	**2009 $**
Software development costs	12(a)	2,458,780	2,022,205
Accumulated amortisation (software)	12(b)	(1,100,900)	(693,664)
Impairment loss and write offs	12(d)	(130,788)	-
Total software development costs		1,227,092	1,328,541
Goodwill and contracts at cost	12(c)	455,748	455,748
Trademarks and licences at cost		3,458	22,737
Total other intangible assets		459,206	478,485
Total Intangible Assets		1,686,298	1,807,026

(a) Software Development Costs

Software development costs are a combination of acquired software and internally generated intangible assets.

(b) Accumulated Amortisation

Amortisation of $407,235 (2009: $277,583) is included in depreciation and amortisation expense in the statement of comprehensive income.

(c) Goodwill and Contracts

Goodwill and contracts relate to the purchase of UtiliSolutions Software business.

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an infinite life, subject to impairment testing.

Goodwill and software are allocated to the cash generating unit based on the acquired business. The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow. The cash flows are prepared applying a discount rate of 17% (2009: 12.8%) over a 5 year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Management has based the value-in-use calculations on budgets. These budgets use estimated and actual sales to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax.

Management have performed an impairment test of the goodwill at the balance sheet date and have concluded that no impairment write-down is required.

(d) Impairment loss and write offs

Management performed an impairment test of the Metering software at 31 December 2010 and concluded that the Metering asset of $82,164 should be written off as the company is no longer planning to be a Metering Provider / Meter Agent Data.

Management have performed an impairment test of software and goodwill at the balance sheet date and have concluded that the retail asset should be written down by $48,624 based on expected future cash flows from the Energy One Retailing product. The primary reason being the loss of one customer.

(e) Review of trade marks & Licences

Management performed a review of trademarks and licences on 31 December 2009 and concluded that a write off of $19,279 was required.

	Goodwill $	Software $	Trade Marks & Licences $	Total $
Movements in intangible assets during the year				
Net carrying value at 30 June 2008	**-**	**749,665**	**26,336**	**776,001**
Additions - through business acquisition	455,748	200,000	-	655,748
Additions - internally developed	-	656,458	8,075	664,533
Amortisation expense	-	(277,583)	-	(277,583)
Impairment losses	-	-	(11,674)	(11,674)
Net carrying value at 30 June 2009	**455,748**	**1,328,540**	**22,737**	**1,807,025**
Additions – internally developed	**-**	436,575	-	436,575
Amortisation expense	**-**	(407,235)	**-**	(407,235)
Impairment loss and write-offs		(130,788)	(19,279)	(150,067)
Net carrying value at 30 June 2010	**455,748**	**1,227,092**	**3,458**	**1,686,298**

NOTE 13: TRADE AND OTHER PAYABLES	**2010 $**	**2009 $**
Current		
Unsecured liabilities		
Trade payables	192,709	161,100
Sundry payables and accrued expenses	179,699	546,730
	372,408	707,830

Trade and other creditors are unsecured, non-interest bearing and are normally settled within 60 day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 14: PROVISIONS	Notes	2010 $	2009 $
Current			
Employee benefits (Annual leave provisions)	14(a)	79,217	89,343
Non Current			
Employee benefits (Long service leave provisions)		16,024	14,067

(a) The entire obligation is presented as current since the Group does not have an unconditional right to defer settlement.

NOTE 15: ISSUED CAPITAL	2010 $	2009 $
17,793,229 fully paid ordinary shares (2009: 22,119,384 fully paid ordinary shares)	8,246,064	8,785,929

Ordinary Shares	**No of shares**	**No of shares**
Balance at the beginning of the financial year	22,119,384	22,119,384
Shares bought back in the year	(4,326,155)	-
Balance at the end of the financial year	17,793,229	22,119,384

Movements on ordinary share capital

Date	Details	$	Number of Shares
1 July 2009	Opening Balance	8,785,929	22,119,384
1 July 2009	Share buy back	(1,471)	(21,000)
24 November 2009	Share buy back	(536,894)	(4,295,155)
25 January 2010	Share buy back	(1,500)	(10,000)
30 June 2010	Closing Balance	8,264,064	17,793,229

(a) 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.

(b) On market buy-back of the Company's shares

The Company announced on 29 May 2009 that as part of a capital management program, an on-market buy back of up to 2,211,938 fully paid ordinary shares in Energy One representing up to 10% of Energy One's issued shares (calculated on the basis of issued capital at that date of 22,119,384 shares). The period of the buy back was between the 29th May 2009 and the 30th June 2010. During the period the Company bought back and cancelled 21,000 shares under this notice.

On 23 September 2009 the Company further announced an on-market buy back of up to 2,209,838 fully paid ordinary shares in Energy One representing up to 10% of Energy One's issued shares (calculated on the basis of current issued capital at that date of 22,098,384 shares). The period of the buy back is between 4 November 2009 and 3 November 2010. The Company will use its discretion as to the parcel sizes and the price paid for any given parcel of shares. During the period the company bought back and cancelled 10,000 shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15: ISSUED CAPITAL (cont.)

On 9 October 2009 a selective buy back of 4,295,155 shares for a total consideration of $536,894 ($0.125 per share) was announced. The selective buy back was completed on 24 November 2009.

(c) 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.

(d) Employee Share plan
Information relating to the employee share plan, including details of shares issued under the scheme is set out in note 24.

NOTE 16: RESERVES

Share based payment reserve

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.

Expenses arising from share based payment transactions

Total expense arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2010 $	2009 $
Options issued to employees during the year	-	-
Options issued to directors during the year	3,765	-
	3,765	-

The balance of the reserves as at 30 June 2010 is $81,242 which is comprised of lapsed options in 2007 of $19,013, unexercised options in 2008 of $58,464 and unexercised options in 2010 of $3,765.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments	2010 $	2009 $
Non-cancellable operating leases (including tenancy leases) contracted for at the reporting date but not capitalised in the financial statements:		
Payable — minimum lease payments		
- not later than 12 months	108,309	108,505
- between 12 months and 5 years	33,373	141,682
	141,682	250,187

At reporting date the Group only leases one office, which is under a non-cancellable operating lease which expires in October 2011.

(b) Capital Expenditure Commitments
There are no capital expenditure commitments contracted for at the reporting date but not recognised as liabilities payable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS
The Group had no contingent liabilities or contingent assets as at 30 June 2010.

NOTE 19: SEGMENT REPORTING

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, being Australia.

During the year ended 30 June 2010 the Group derived 72% of revenue from two major customers to which it provided both products and services. The Company's most significant external customer accounts for 37% of external revenue with the next largest customer contributing 35%. Management assess the performance of the operating segment based on the accounting profit and loss.

NOTE 20: CASH FLOW INFORMATION	2010 $	2009 $
(a) **Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax**		
Profit (Loss) from ordinary activities after income tax	171,054	(90,083)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	432,940	310,320
Impairment losses and write-offs	150,067	(5,366)
Employee option expense	3,765	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(497,336)	(881,015)
(Increase)/decrease in other assets	(5,665)	(9,526)
Increase/(decrease) in trade and other payables	(51,048)	(264,401)
Increase/(decrease) in provisions	76,652	30,270
Increase/(decrease) in deferred income	320,945	-
Net cash provided by/(used) in operating activities	601,374	(909,801)

NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE
There have been no after balance date transactions that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group's subsequent to the year ended 30 June 2010.

This financial report was authorised for issue by the Directors on 30 August 2010. The Company has the power to amend and reissue this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 22: RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the group is Energy One Limited.

(b) Subsidiary

Interests in subsidiary are set out in note 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 5.

(d) Transactions with related parties

There were no other transactions with related parties.

NOTE 23: 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.

Risk management is carried out by the chief financial officer under policies approved by the Board of Directors. The CFO identifies, evaluates the risks in close cooperation 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:

	Consolidated Group	
	2010	**2009**
Financial assets	**$**	**$**
Cash and cash equivalents	2,384,182	3,388,282
Trade and other receivables	1,705,454	1,200,516
	4,089,636	4,588,798
Financial liabilities		
Trade and other payables	372,408	707,830

(a) Market Risk

(i) Foreign exchange risk
The Group does not have any significant exposure to foreign exchange risk.

(ii) Price Risk
The Group does not have any significant exposure to price risk.

(iii) 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 2010 approximately 36% 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 23: FINANCIAL RISK MANAGEMENT (cont.)

(a) (iii) Cash flow and fair value interest rate risk (cont.)

The interest rate risk is detailed in the below table.

	Weighted Average Effective Interest rate		Fixed Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2010 %	2009 %	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets										
Cash and cash equivalents	4.27	5.22	851,740	2,867,981	1,532,442	520,301	-	-	2,384,182	3,388,282
Receivables	-	-	-	-		-	1,705,454	1,158,911	1,705,454	1,158,911
Total Financial Assets			851,740	2,867,981	1,532,442	520,301	1,705,454	1,158,911	4,089,636	4,547,193
Financial liabilities										
Payables	-	-	-	-	-	-	372,408	707,830	372,408	707,830
Total Financial liabilities			-	-	-	-	372,408	707,830	372,408	707,830

iv. Sensitivity Analysis

Interest Rate Risk

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 2010, 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:

	2010 $	2009 $
Change in profit		
— Increase in interest rate by 1%	10,727	43,064
— Decrease in interest rate by 1%	(10,727)	(43,064)
Change in Equity		
— Increase in interest rate by 1%	10,727	43,064
— Decrease in interest rate by 1%	(10,727)	(43,064)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 23: FINANCIAL RISK MANAGEMENT (cont.)

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

(b) 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 one deposit was larger than $1,100,000. The Group does not hold any security or guarantees for the financial assets.

(c) 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.

The Group at 30 June 2010 had deposits which mature within six months and cash at bank. Due to the cash available to the Group there is no use of any credit facilities at reporting date.

(d) 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.

As of 1 July 2009, Energy One Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2),and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 24: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2010:

On 13 February 2008, 3,900,000 share options were granted to Directors and 600,000 were granted to employees under the Energy One Employee Option Plan to take up ordinary shares at an exercise price of $0.22 each. The options were approved by shareholders at the extraordinary general meeting held on 7 January 2008. One third of these options are exercisable on 13 February 2009; One third of these options are exercisable on 13 February 2010; and the final third on 13 February 2011. The last exercise date for all of these options is 13 February 2013. The share strike prices for these options are $0.275 in tranche 1, $0.344 in tranche 2, and $0.43 in tranche 3.

The options hold no voting or dividends rights and are not transferable. When a director ceases employment the options are deemed to have lapsed once three months have passed. Mr Brys resigned as CEO and Director on 22 June 2010 but is still employed by the Company. At balance date, no share option has been exercised.

The Company established the Energy One Deferred Employee Share Plan on 10th January 2007. Invited employees are entitled to participate in the Plan. Employees are entitled to acquire vested ordinary shares at market price. When issued, the shares carry full dividend and voting rights. On 15 January 2007, 12,000 vested ordinary shares were issued under this plan. On 3 October 2007, 60,240 vested ordinary shares were issued under this plan. This plan was approved by shareholders at the extraordinary general meeting held on 2 April 2007.

The Company established the Energy One Exempt Employee Share Plan on 10th January 2007. All employees are entitled to participate in the scheme upon completion of 12 months employment with the Company. Employees are entitled to acquire vested ordinary shares to the value of $500 at market prices at which point the Company will also acquire the same value of shares. When issued, the shares carry full dividend and voting rights. On 15 January 2007, 11,000 vested ordinary shares were issued under this scheme. On 3 October 2007, 36,144 vested ordinary shares were issued under this scheme. This plan was formally approved by shareholders at the extraordinary general meeting held on 2 April 2007.

On 14 May 2010, 3.3 million issued in 2007 lapsed and were cancelled.

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at the start of the year	7,200,00	$0.65	7,200,00	$0.65
Granted during the year	500,000	$0.37	-	-
Lapsed during the year	(3,300,00)	$1.15	-	-
Balance at end of the year	4,400,000	$0.24	7,200,000	$0.65
Exercisable at year-end	-		-	
Outstanding at year-end	4,400,00		7,200,000	$0.65

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The weighted average remaining contractual life of options outstanding at 30 June 2010 was 2.64 years. The weighted average exercise price of outstanding options at 30 June 2010 was $0.24

Fair Value of Options granted during the year

The fair value at grant date of options granted during the year ended 30 June 2010 was $0.0477 cents per option. The fair value of options at grant date is independently determined using a Black - Scholes option pricing model that takes into account the exercise price of $0.37, 3 year term of the option, the impact of the dilution, the share price at grant date of $0.15 and expected price volatility of the underlying share of 113%, the expected dividend yield of nil and the risk free interest rate of 4.68% for the term of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 25: BUSINESS COMBINATIONS

On 30 November 2008, the Company acquired the business, including the software from Utiliti Solutions Pty Ltd, a specialist consulting and IT service business in energy sector. The acquisition has significantly increased the Group's business in this industry.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	$
Cash consideration (i)	373,282
Contingent consideration (ii)	282,466
Total purchase consideration	655,748

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
Intangible assets: Software	200,000
Intangible assets: customer contracts	8,641
Net identifiable assets acquired	208,641
Add: goodwill	447,107
Net assets acquired	655,748

The goodwill is attributable to the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Cash consideration

Based on the agreement, the cash consideration consists of a lump sum payment of $ 200,000 that is payable in December 2008 and four semi annual instalments with a total amount of $ 200,000. The present value of the payments at the acquisition date is $373,282 based on a discount rate of 12.8%.

As at 30 June 2010 and 2009, the payable balance is $50,000 and $118,282, respectively.

(ii) Contingent consideration

In the event that certain pre-determined contract values are achieved by the Company in the twelve months proceeding the completion date, additional consideration of up to $ 300,000 may be payable in cash.

The management has estimated that it is highly probable that the full amount of contingent payment will occur. The fair value of the contingent consideration of $ 282,466 was estimated by applying the income approach. The fair value estimates are based on a discount rate of 12.8%.

Reconciliation of the carrying amount of the liability from contingent consideration:

	2010	2009
Beginning balance	282,466	-
Contingent consideration	-	282,466
Adjustment to contingent goodwill	(26,718)	-
Interest expense charged	44,252	-
Payment	(300,000)	-
Ending balance	-	282,466

There were no acquisitions in the year ended 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 26: CHANGE IN ACCOUNTING POLICY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions [AASB 2]*
(effective from 1 January 2010)
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the group's financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]*
(effective from 1 February 2010)
In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The group will apply the amended standard from 1 July 2010. As the group has not made any such rights issues, the amendment will not have any effect on the group's financial statements.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*
(effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. There will be no impact on the group's financial statements. The group has not yet decided when to adopt AASB 9.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. It is not expected to have any impact on the group's financial statements.

AASB Interpretation 19 *Extinguishing financial liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*
(effective from 1 July 2010)
AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 26: CHANGE IN ACCOUNTING POLICY (cont.)

AASB 2009-14 ***Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement***
(effective from 1 January 2011)
In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's or the parent entity's financial statements.

NOTE 27: COMPANY DETAILS

Energy One Limited is a company limited by shares, incorporated and domiciled in Australia.

The registered office of the Company is:

C/O WHK Horwath Pty Limited
Level 15, 309 Kent Street
Sydney NSW 2000

The principal place of business is:

Level 5, 62 Pitt Street
Sydney NSW 2000

The principal activity of the Company is the supply of software and services to energy companies and utilities.

NOTE 28: SUBSIDIARY

On 18 January 2008 the company established the legal entity, Advanced Interval Metering Pty Ltd, a company incorporated in Australia. Energy One Ltd is the sole shareholder owning 100% of the issued capital. As at 30 June 2010 Advanced Interval Metering Pty Ltd does not have any assets nor liabilities therefore the consolidated entity's financial statements represent the parent entity's financial statements.

Energy One Limited

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 22 to 52 are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the remuneration disclosures set out on pages 16 to 19 of the directors' report comply with Accounting Standard AASB124 related party disclosures and the Corporations Regulations.

(d) The financial statement comply with International Financial Reporting Standards

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Ottmar Weiss	Shaun Ankers
Chairman	Managing Director

Dated 30 August 2010

Independent Audit Report

WHK Horwath

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ENERGY ONE LIMITED

We have audited the accompanying consolidated financial report of Energy One Limited and its subsidiary (the Group or the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Energy One Limited (the Company) and the consolidated entity. The consolidated entity comprises the Company and the subsidiary it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the consolidated financial report
The directors of the Group are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Auditor's opinion
In our opinion,
(a) the consolidated financial report of Energy One Limited is in accordance with the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and
(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in note 1(a).

Total Financial Solutions

Crowe Horwath

WHK Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity.

COVER OF EXCELLENCE *Liability limited by a scheme approved under Professional Standards Legislation*

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A WHK Group Firm

Independent Audit Report

Report on the remuneration report
We have audited the remuneration report included in pages16 to 19 of the directors' report for the year ended 30 June 2010. The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of the Company and its subsidiary for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Whk Horwath Sydney

WHK Horwath Sydney

L Russell

Leah Russell
Principal

Dated this 30th day of August 2010

Energy One Limited

ABN 37 076 583 018

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 30 JUNE 2010

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary	Number Redeemable
1 – 1,000	30	21,656
1,001 – 5,000	101	337,718
5,001 – 10,000	43	389,240
10,001 – 100,000	66	2,141,132
100,001 – and over	17	14,903,483
	257	**17,793,229**

b. The number of shareholdings held in less than marketable parcels is 97 representing 190,274 ordinary shares.

c. The names of the substantial shareholders listed in the holding Company's register as at 30 June 2010 are:

Shareholder	Number Ordinary	Percentage
Polding Pty Ltd	5,958,365	33.49%
Vaughan Busby and the Rearden Group Pty Ltd	3,029,739	17.03%
Pandon Holdings Pte Ltd	2,269,575	12.76%
Investec Bank Australia	2,180,000	12.25%

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 30 JUNE 2010

1 e. 20 Largest Shareholders — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	POLDING PTY LTD	5,419,831	30.460
2.	MR VAUGHAN BUSBY	2,595,530	14.587
3.	BELL POTTER NOMINEES LTD	2,269,575	12.755
4.	INVESTEC BANK (AUSTRALIA) LTD	2,180,000	12.252
5.	MR IAN DOUGLAS FERRIER	404,834	2.275
6.	MR RICHARD BRYS	293,080	1.647
7.	MS LEANNE MULCAHY	275,712	1.550
8.	REARDEN GROUP PTY LTD	251,944	1.416
9.	ABBYSAH PTY LIMITED	200,000	1.124
10.	CASTRICUM SUPERANNUATION PTY LTD	160,000	0.899
11.	QUILKEY HOLDINGS PTY LIMITED	150,000	0.843
12.	SONPINE PTY LTD	133,700	0.751
13.	CASTRISUPER PTY LTD	131,000	0.736
14.	MRS ANNA CANDILORO	122,674	0.689
15.	PHILIP GEORGE INVESTMENTS PTY LTD	107,949	0.607
16.	REARDEN GROUP PTY LTD	105,654	0.594
17.	MR DENNIS FRANCIS KAYE	102,000	0.573
18.	MR DONALD LOGAN & MR DAVID LOGAN	89,700	0.504
19.	MR GRAHAM S ANKERS & MRS LIZA F ANKERS	87,000	0.489
20.	MR ANTHONY JOHN SENNITT & MRS CATHERINE MARY SENNITT	85,000	0.478
		15,165,183	**85.23%**

2. **Company Secretary:**

Reena Minhas

3. **Address of Registered Office:**

C/O WHK Horwath Pty Limited
Level 15
309 Kent Street
Sydney NSW 2000

(02) 9262 2155

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 30 JUNE 2010

4. **Share Registry:**
Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000
(02) 8252 9898

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

6. **Unquoted Securities**

Options over Unissued Shares

A total of 4,400,000 options are on issue. The 4,400,000 options are on issue to 4 directors under the Energy One Employee Option Plan.

Energy One Limited
Level 5
62 Pitt Street
Sydney NSW 2000
Australia

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