

HALF YEAR RESULTS

LPE INCREASE REVENUE BY 115%

- Cash revenue \$8.23 Million, up 115%
- Operational Margins 23.7%, up 9.5%
- Operational expenses managed tightly within 1% of target range

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased present the half year financial reports.

The revenue for the half year of \$8.23 Million, in comparison with the same period last year of \$3.12 Million represents an increase of 115%. Revenues are expected to track to the end of the financial year target of \$22 Million.

The half year saw the stabilisation of operating cost, with a modest decrease over the period, bringing the cost for the half-year inside 1% of budget.

Operational margins are up on the original guidance of 18.1% and up 9.5% against the equivalent period last year. Management are pleased with this owing to solid positioning in purchasing. Management at this stage are not changing the guidance on gross margins of 18.1%, as energy volume increases during seasonal periods are anticipated to normalise in the coming quarters.

We are pleased to have delivered a cash flow positive December quarter 2017 with continual growth towards profitability expected in the coming quarters.

Ends

About Locality Planning Energy Holdings Limited (LPE)

LPE's wholly owned subsidiary Locality Planning Energy Pty Ltd, holds an Australian Energy Regulator (AER) Authority to sell electricity and utility services to residential, commercial and industrial customers throughout the National Energy Market. LPE specialises in electricity sales to strata communities, both existing and new developments; generating significant savings on electricity delivered to strata communities.

LPE's unique purchasing model is matched against 5 to 10 year supply contracts providing LPE with consistent recurring revenues. LPE is transforming the electricity supply industry by providing an intelligent solution to help its customers reduce high electricity costs, with no risk and no upfront cost. LPE is at the forefront of innovative electricity supply with a commitment to the integration of technology to provide the highest savings and consumer advocacy to its customers.



**LOCALITY PLANNING
ENERGY**

***LOCALITY PLANNING ENERGY
HOLDINGS LIMITED***

INTERIM FINANCIAL REPORT
Half Year Ended 31 December 2017

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

ABN 90 147 867 301

INTERIM FINANCIAL REPORT

Half Year Ended 31 December 2017

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Corporate Directory

NON-EXECUTIVE CHAIRMAN

Mr Andrew Pierce

EXECUTIVE DIRECTORS

Mr Damien Glanville

Mr Ben Chester

CHIEF FINANCIAL OFFICER

Ms Melissa Farrell

COMPANY SECRETARY

Mr Bill Lyne

PRINCIPAL & REGISTERED OFFICE

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Gadens

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Phone +61 7 3231 1692

SHARE REGISTRAR

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NEDLANDS WA 6009

Phone: +61 8 9389 8033

STOCK EXCHANGE LISTING

Australian Securities Exchange

Code: LPE

Directors Report

Your Directors present their report on the consolidated entity consisting of Locality Planning Energy Holdings Limited and its controlled entities for the half year ended 31 December 2017

The Directors

The following persons were directors of the Company during the financial year and up to date of this report:

Mr Andrew Pierce	Non-Executive Chairman and Director
Mr Damien Glanville	Executive Director and Chief Executive Officer
Mr Ben Chester	Executive Director and Chief Operating Officer

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

Results

The loss after tax for the half year ended 31 December 2017 was \$949,874 (31 December 2016: \$8,233,096). The Net Loss for the period has been positively affected by increased margins on sales and no charge for Share-based payments of \$6,795,865, as disclosed in the previous comparable period

Review of Operations

The company has maintained consistent growth during the half year with the consolidated volume for the period of 37.65GWh. As of the half year ended 31 December 2017 the total company GWh volume was 152.32 GWh in annualised energy volume.

The growth in the business has been consistent in all product offerings, with sales remaining strong and continuing to contribute to the solid contracted pipeline.

The December quarter saw the company move to a cash flow positive position, with operational efficiencies and overheads well-known and refined with capability of supporting business activity, with growth to over 200GWh.

The marketplace continues to be a difficult place, yet LPE is holding its own with consistent growth and positive uptake. The company is evolving and establishing a greater market position with expansion of our geographic range and product offering.

LPE retains its leading position with best practice approach apparent through industry benchmarks in regard to its debt and customer outcomes. This is a genuine highlight with a lean operational footprint and unique approach to the market sector.

Over the past 18 months LPE has utilised a HR and employee engagement platform, Office Vibe, a platform utilised by approximately 19,000 companies throughout 90 countries and has positioned itself in the top 1% for like sized companies with KPIs based on mutual employee / company outcomes. Management understand this is a direct reflection on the company performance and meeting positive company outcomes.

Events Subsequent To Reporting Date

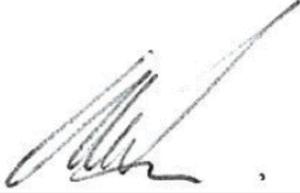
No other matters or circumstances that have arisen since 31 December 2017 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2017 has been received and forms part of this report and can be found on the following page with Auditor's review report on page 14.

Declaration

This report is made in accordance with a resolution of the Directors.



Andrew Pierce

Non- Executive Director

23 February 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane, 23 February 2018

Consolidated Statement of Profit or Loss

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ABN 90 147 867 301

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Dec-17 \$	Dec-16 \$
Revenue		
Electricity Sales	8,235,609	3,830,265
Less cost of goods sold		
Energy usage charges	(3,219,775)	(1,590,635)
Network charges	(2,403,199)	(1,320,181)
Other COGS	(660,550)	(377,310)
Total cost of goods sold	(6,283,524)	(3,288,126)
Gain/(loss) from trading	1,952,085	542,139
Other Income		
Interest received	7,173	20,731
Other receipts	12,340	34,440
Gain/(loss) on disposal of assets	-	(5,463)
Other expenses		
Employee costs	(1,459,134)	(1,114,312)
Professional costs	(343,905)	(224,168)
Share-based payments	-	(6,795,865)
Depreciation and amortisation	(383,861)	(147,463)
Borrowing costs	(78,391)	(57,274)
Bad and doubtful debts	(92,272)	(68,578)
Other expenses	(563,910)	(417,283)
Loss from continued operation	(949,874)	(8,233,096)
Loss before income taxes	(949,874)	(8,233,096)
Income tax benefit/(expense)	-	-
Net loss for the period	(949,874)	(8,233,096)
Other comprehensive income	-	-
Other comprehensive income net of tax	-	-
Total comprehensive loss for the year	(949,874)	(8,233,096)
Basic/diluted earnings/(loss) per share (dollars per share)	(0.0004)	(0.0057)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ABN 90 147 867 301

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Dec-17	Jun-17
	\$	\$
Current assets		
Cash and cash equivalents	2,647,284	3,977,705
Trade and other receivables	2,270,577	1,872,142
Other current assets	120,594	91,862
Total current assets	5,038,455	5,941,709
Non-current assets		
Plant and equipment	535,878	528,777
Leasehold improvements	429,719	459,050
Intangibles	4,288,035	3,576,211
Total non-current assets	5,253,632	4,564,038
TOTAL ASSETS	10,292,087	10,505,747
Current liabilities		
Trade and other payables	2,339,176	1,586,117
Employee entitlements - annual leave	161,143	158,649
Borrowings	45,524	45,524
Total current liabilities	2,545,843	1,790,290
Non-current liabilities		
Borrowings	1,239,339	1,258,677
Total non-current liabilities	1,239,339	1,258,677
TOTAL LIABILITIES	3,785,182	3,048,967
Net assets	6,506,905	7,456,780
Equity		
Issued capital	39,064,879	39,064,880
Reserves	125,000	125,000
Accumulated losses	(32,682,974)	(31,733,100)
Total equity	6,506,905	7,456,780

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 ABN 90 147 867 301
 FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued capital \$	Accumulated losses \$	Options Reserve \$	Total \$
Balance at 1 July 2016	14,584,862	(16,843,153)	6,535,990	4,277,699
Conversion of Performance Shares to Ordinary Shares	6,265,606	-	(6,265,606)	-
Share based Payment Expense	-	-	6,795,865	6,795,865
Total Comprehensive Income for the period	-	(8,233,096)		(8,233,096)
Balance at 31 December 2016	20,850,468	(25,076,249)	7,066,249	2,840,468
Balance at 1 July 2017	39,064,880	(31,733,100)	125,000	7,456,780
Total Comprehensive Income for the period	-	(949,874)	-	(949,874)
Balance at 31 December 2017	39,064,880	(32,682,974)	125,000	6,506,906

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS
 ABN 90 147 867 301
 FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Dec-17 \$	Dec-16 \$
Cash flows from operating activities		
Receipts from customers	8,048,450	3,219,633
Payments to suppliers and employees	(8,244,590)	(4,607,054)
R&D tax concession receipt	-	115,168
Interest received	16,830	20,731
Interest paid	(78,391)	(57,274)
Net cash provided by/(used in) operating activities	(257,701)	(1,308,796)
Cash flows from investing activities		
Payment for plant and equipment	(102,013)	(180,274)
Payment for leasehold improvements	(14,390)	-
Payment for intangibles	(936,979)	(1,521,322)
Proceeds from sale of plant and equipment	-	137,715
Net cash provided by/(used in) investing activities	(1,053,382)	(1,563,881)
Cash flows from financing activities		
Proceeds from issues of shares	-	-
Proceeds from loans	-	1,000,000
Repayment of loans	(19,338)	(104,551)
Net cash provided by/(used in) financing activities	(19,338)	895,449
Net increase/(decrease) in cash and cash equivalents	(1,330,421)	(1,977,228)
Cash and cash equivalents opening balance	3,977,705	2,631,507
Cash and cash equivalents closing balance	2,647,284	654,279

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim financial report of Locality Planning Energy Holdings Limited (LPE or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on the date the directors report was signed.

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board including Australian Accounting Interpretations.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by LPE during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the 30 June 2017 annual report.

The interim financial report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The interim report has been prepared on an accruals basis and is based on historical costs.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group has incurred a net loss after tax for the half year ended 31 December 2017 of \$949,874. Net cash used in operating activities \$257,701 for the period. At 31 December 2017, the Group's current assets exceeded its current liabilities by \$2,492,612. The Company is examining funding opportunities to fund its growth. This includes long term funding. The company has sufficient working capital to maintain continuity of normal business activity and pay its debts as and when they fall due, without the need for funding.

2 Issued Capital

(a) Issued and paid up capital

	31-Dec-17	30-Jun-17
	Number	Number
Ordinary shares fully paid or no par value	2,510,536,385	2,510,536,385

(b) Movement in ordinary shares on issue

There has been no movement in the number of ordinary shares on issue.

(c) Movement in ordinary shares on issue

At the end of the period, the following options over unissued ordinary shares were outstanding:

Issue Date	Number	Exercise Price	Expiry
15-Jan-15	500,000	\$0.25	15-Apr-18

3 Contingent assets and liabilities

The Directors are not aware of any change in contingent assets and liabilities since the last annual reporting date

4 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (Chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the board of directors which is at the consolidated entity level. The financial results of the segments are equivalent to the financial statements of the continued operations of the Group as a whole.

5 Events subsequent to period end

There are no matters or circumstances that have arisen since 31 December 2017 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

6 Business Combinations

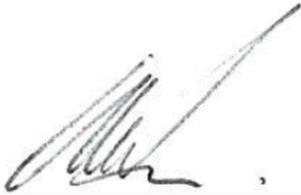
The Group has registered a new subsidiary, Locality Embedded Networks Pty Ltd, to facilitate Power of Choice for customers within embedded networks who want to go on-market.

Directors Declaration

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 12 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard AASB134: Interim Financial Reporting; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance and cash flows for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the board of Directors



Andrew Pierce
Non-Executive Chairman

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Report on the half-year financial report

We have reviewed the accompanying interim financial report of Locality Planning Energy Holdings Limited (“the Company”) and controlled entities (“the Group’), which comprises the consolidated statement of financial position as at 31 December 2017 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

Directors’ Responsibility for the Financial Report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company’s financial position as at 31 December 2017 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Locality Planning Energy Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Locality Planning Energy Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to Note 1 of the financial report, which indicates that the company incurred a net loss of \$949,874 and had a net cash outflow from operations of \$257,701 during the period. These events and conditions, along with other matters set forth in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director

Brisbane, 23 February 2018