



2011 ANNUAL REPORT

for the Financial Year ended 30 June 2011

ENERGYONE
INTEGRATED BUSINESS SOLUTIONS

ENERGY AND CARBON
Trading and Risk management
Enterprise Solutions

...SWAPS...OPTIONS...EMISSIONS...SPOT PRICE...MW...FUTURES
...ENERGY TRADING...RENEWABLES...CARBON PRICING...RISK

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

Crowe Horwath Sydney
Level 15
309 Kent Street
Sydney NSW 2000

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Chairman's Report

Dear Shareholder,

I am pleased to report that our Company, Energy One, has enhanced its position as the leader in information systems in the Australian energy trading and risk management market. During the year, we completed another two large installations of our Energy One Trading (EOT) system for major Australian utilities, and this has now cemented EOT as Australia's leading platform for trading of carbon and energy products.

Furthermore, we have continued to build capability and expanded our reach into other services and geographies, with our team successfully completing an assignment for Singapore's largest power generation company.

We have recorded a modest operating loss for the past year, due largely to the aforementioned initiatives. Additionally, a comprehensive review of our intangible assets by the Board resulted in a decision to fully write-off the carrying value of some of our previously capitalised retail software assets.

This impairment expense was appropriate in the context of the Company's current position and future direction.

Notably, our underlying cash position has improved over the year - an indication of our targeted approach to this investment and self-sufficiency.

More detail on EOL's operational performance this year can be found in the Managing Director's report.

With the advent of the Federal Government's Clean Energy Future program, our prior and ongoing investment in products and capabilities leaves us well placed to be able to serve the needs of the large emitters affected by this program, now and into the future.

Our product development roadmap includes new products that are designed to address the emerging needs of utilities and industries in a new, carbon-constrained energy sector. Given the almost unique structures of our national market, being the established and capable local solution provider gives Energy One distinct advantages over our international competitors. We plan to leverage these advantages to continue to develop our existing pipeline of opportunities, while actively seeking to grow the company through targeted acquisition and organic growth both here in Australia, and selected other international regions.

Energy One remains committed to building upon our position as a premier supplier of software and services to the Australian energy industry, whilst growing the business and broadening our offerings to the market. Our strategy is focussed on achieving these goals.

With the increased community focus on carbon emissions and environmental sustainability, EOL has taken the opportunity to define and implement actions to ensure it operates as a carbon neutral enterprise.

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,

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

I am pleased to report that Energy One is now established as the premier supplier of Energy and Carbon Trading and Risk management solutions to Australian customers, our Energy One Trading (EOT) solution is the leading Carbon and Energy trading platform in the market.

The Company is also very well positioned to take advantage of the market developments arising from the Federal Government's Clean Energy Future program.

The 2010/11 Year in Review

During the year, the Company made further significant progress within our chosen markets, investing in people and products to build capability and to address the needs of our customers.

Highlights include successful installation of our EOT System at Stanwell Corporation (a Queensland Generator) and another underway at a large generator.

Our clients use the energy trading and risk management (ETRM) features of EOT to manage their energy and carbon portfolios.

Our customer base has cemented Energy One as the largest supplier of ETRM software systems in the Australian electricity market.

In addition, the Company has continued to develop new products to address the needs of the expanded energy markets such as Gas trading in the new eastern seaboard integrated gas markets.

We continue to develop opportunities for our products and services in overseas markets. During the year we completed a project for Senoko Pte Ltd, Singapore's largest power generation company.

Furthermore, since our installations are conducted under multi-year support

arrangements, we have continued to build an underlying base of ongoing core revenues.

During this period of investment, our operating revenues have remained stable, at \$3.3M (total revenue \$4.3m) compared to \$3.5M (total revenue \$4.2M) for FY10.

A great deal of investment has been made in people and systems. During the year our expenditure on human capital increased from \$2.0M to \$2.8M as the Company continued up-skilling with industry and technology expertise. We expended \$1.0M on innovation and development activities.

With this investment, we have a modest operating loss (before impairment losses) of \$264,627. However, the Company achieved a positive operating cash flow, providing \$430,222 from core business activities, reflecting our underlying growth status.

During the year, the Directors reviewed the policies for capitalisation and amortisation of intangible assets, with a view to ensuring a conservative approach to these assets. One outcome of this was a write-down of \$516,327 against a software asset. This was a one-off adjustment.

Market Outlook – 2012

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

Solutions tailored for our markets

Energy One is a major supplier of software and services to wholesale energy and carbon markets in Australia. Our expertise includes the following areas:

- Wholesale energy and carbon trading software including front, middle and back offices
- Risk management
- Consulting in wholesale and retail energy markets
- Retail and metering software
- IT and Database services and managed applications

Positioned for the Carbon Tax

The Federal Government's Clean Energy Future Program (known as the Carbon Tax) will have wide-ranging impacts on Australian industry in the years to come.

Energy One's EOT system is established as the leading carbon and renewable energy trading compliance and management system available to major customers in Australia.

Our system currently manages the essential requirements of the scheme and our consultants have considerable expertise in the existing carbon trading market within Australia, having successfully implemented solutions with major carbon emission companies.

Furthermore, our team of energy industry specialists and PhD experts, coupled with our experience and the tailored product development will be well placed to address the market opportunities arising out of increased investment in gas and other energy sources.

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 operated 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. It is agreed, in appropriate circumstances, directors can have access to independent professional advice at the Company's expense.
- Non-executive directors 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.

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.

For further information on senior executive remuneration see pages 16 to 20.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities (the Group) for the financial year ended 30 June 2011.

Directors

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

Shaun Ankers
Andrew Bonwick
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 – appointed CFO and Company Secretary on 25th January 2010

Principal Activities

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

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

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

Total revenue and other income for the year was \$4,263,345. Of this revenue amount \$105,090 was interest earned from cash held at banks and on term deposits, \$50,000 was accrued for an Export Market Development Grant and \$811,801 was from the Commonwealth Government research and development rebates relating to the development of software. All other income was from the software business, in which the direct project related costs were \$368,224.

After wages of \$2,803,130 depreciation and amortisation of \$464,431 other expenses of \$892,187 and an impairment loss and write offs on intangible assets of \$516,327 the company produced a net loss after tax of \$780,954 (2010: \$171,054 Net Profit After Tax).

The Company's performance in the period was impacted by a one off impairment charge to intangible software assets of \$516,327 to an asset carrying value of \$nil

As of 30 June 2011 the Group had \$2,728,828 cash on hand and no significant long-term liabilities.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs for the company during the 2011 financial year, other than those that are described above

DIRECTORS' REPORT (cont.)

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 2011.

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 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 and 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 continue to develop our pipeline of opportunities.

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 Singapore, 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 and options to acquire a further 500,000 Ordinary Shares.

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.

Directorships held in other listed entities in the last 3 years

Mr Bonwick 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

3,079,739 Ordinary Shares in Energy One Limited.

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

211,443 Ordinary Shares in Energy One Limited

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 2011, and the numbers of meetings attended by each director were:								
	Committee Meetings							
	Directors' 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	11	11	2	2	2	2	2	2
Andrew Bonwick	11	10	2	2	2	2	2	2
Vaughan Busby	11	11	2	2	2	2	2	2
Ian Ferrier	11	8	NA	NA	2	2	NA	NA
Ottmar Weiss	11	11	2	2	2	2	2	2

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 2011 financial year was tied to the company's share price. There were no performance-related remuneration payments made to key management personnel during the 2011 financial year.

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

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.

DIRECTORS' REPORT (cont.)

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 – 2011

Key Management Person	Short-term Benefits		Post Employ- ment	Equity	Total
	Cash, salary and commis- sions	Non-Cash Benefits	Superannuation	Options	
	\$	\$	\$	\$	\$
Mr Shaun Ankers	292,446	-	17,202	41	309,689
Mr Andrew Bonwick	45,872	-	4,128	-	50,000
Mr Richard Brys	208,506	-	10,603	-	219,109
Mr Vaughan Busby	48,968	-	1,032	-	50,000
Mr Ian Ferrier	40,928	-	3,683	-	44,611
Mr Ottmar Weiss	91,743	-	8,257	-	100,000
Ms Reena Minhas	131,387	-	11,825	-	143,212
Mr Vincent ten Krooden	101,891	-	9,170	-	111,061
	961,741	-	65,900	41	1,027,682

Directors and Management Remuneration – 2010

Key Management Person	Short-term Benefits		Post Employ- ment	Equity	Total
	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.

(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' REPORT (cont.)

Options issued as part of remuneration for the year ended 30 June 2011

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

	Vested No.	Granted No.	Grant Date	Average Value per Option at Grant Date \$	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
Directors							
Shaun Ankers	-	500,000	15.12.10	0.000210	0.37	30.09.11	18.11.15

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	\$0.60 million
Tranche 2	\$0.90 million
Tranche 3	\$1.45 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 in the year. The whole balance remains unvested at 30 June 2011.

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

Options Granted as Remuneration

	Vested No.	Granted No.	Grant Date	Average Value	Terms & Conditions for Each Grant		
				per Option at	Exercise	First Exercise	Last Exercise
				Grant Date	Price	Date	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. The whole balance remains unvested at 30 June 2011.

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
15 December 2010	18 November 2015	\$0.37	500,000
			<u>1,000,000</u>

DIRECTORS' REPORT (cont.)

- (a) During the year, the company cancelled 3,900,000 options issued to the Directors on 13 February 2008.
- (b) Richard Brys ceased employment with the company in July 2011 which resulted in the cancellation of 500,000 options issued to him on 28 January 2010.
- (c) No option holder has any rights under the options to participate in any other share issue of the company.
- (d) There have been no options issued since the reporting date.

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 \$7,480 (excl GST). Indemnity has not been provided for auditors.

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, Crowe 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 2011:

	\$
Taxation services	9,520

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 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,
Chairman

Dated 11 August 2011



Shaun Ankers,
Managing Director

11 August 2011

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

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 2011, 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



CROWE HORWATH SYDNEY



LEAH RUSSELL
Principal

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Group	
	Note	2011 \$	2010 \$
Revenue from continuing operations	2	3,296,454	3,474,208
Other Income	2	966,891	727,302
Direct project related costs	3	(368,224)	(497,574)
Employee benefits expense		(2,803,130)	(1,998,595)
Depreciation and amortisation expense	3	(464,431)	(432,946)
Rental expenses		(121,966)	(104,319)
Consulting expenses		(362,523)	(369,427)
Accounting fees		(47,393)	(41,038)
Insurance		(47,242)	(37,522)
Finance costs	3	-	(44,399)
Other expenses		(313,063)	(354,569)
Impairment loss and write offs on intangible assets	12	(516,327)	(150,067)
Profit / (Loss) before income tax		(780,954)	171,054
Income tax benefit / (expense)	4	-	-
Profit / (Loss) after income tax from continuing operations attributable to owners of the parent entity		(780,954)	171,054
Other comprehensive income		-	-
Total comprehensive income / (loss)		(780,954)	171,054
Total comprehensive income / (loss) attributable to members of the parent entity		(780,954)	171,054
Overall Operations – continuing operations			
Basic earnings per share (cents per share)	7	(4.37)	0.88
Diluted earnings per share (cents per share)	7	(4.37)	0.65

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

		Consolidated Group	
	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,728,828	2,384,182
Trade and other receivables	9	1,607,350	1,705,454
Other current assets	10	70,327	47,342
TOTAL CURRENT ASSETS		4,406,505	4,136,978
NON-CURRENT ASSETS			
Plant and equipment	11	98,910	85,751
Intangible assets - Software	12	463,659	1,227,092
Intangible assets - Other	12	455,748	459,206
Other assets	8	-	238,931
TOTAL NON-CURRENT ASSETS		1,018,317	2,010,980
TOTAL ASSETS		5,424,822	6,147,958
CURRENT LIABILITIES			
Trade and other payables	13	271,406	372,408
Deferred revenue		472,791	320,946
Short-term provisions	14	76,138	79,217
TOTAL CURRENT LIABILITIES		820,335	772,571
NON-CURRENT LIABILITIES			
Long-term provisions	14	26,037	16,024
TOTAL NON-CURRENT LIABILITIES		26,037	16,024
TOTAL LIABILITIES		846,372	788,595
NET ASSETS		4,578,450	5,359,363
EQUITY			
Issued capital	15	8,246,064	8,246,064
Reserves	16	81,283	81,242
Accumulated losses		(3,748,897)	(2,967,943)
TOTAL EQUITY		4,578,450	5,359,363

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

Consolidated Group				
Notes	Share Capital Ordinary	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
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
Total comprehensive loss for the year	-	-	(780,954)	(780,954)
Transactions with owners in their capacity as owners:				
Employee share options – value of employee services	-	41	-	41
Balance at 30 June 2011	8,246,064	81,283	(3,748,897)	4,578,450

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Group	
	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,041,297	3,909,306
Receipts of research and development tax concession		688,017	345,538
Payments to suppliers and employees		(4,423,550)	(3,710,188)
Interest received		124,458	105,768
Finance costs		-	(49,050)
Net cash provided by operating activities	20	430,222	601,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(50,290)	(40,927)
Purchase of intangible assets	12	(82,479)	(392,466)
Payments for development costs	12	(149,257)	(436,575)
Proceeds from sale of property, plant and equipment		-	859
Net cash used in investing activities		(282,026)	(869,109)
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		148,196	(807,599)
Cash at beginning of financial year	8	2,623,113	3,430,712
Cash at end of financial year	8	2,771,309	2,623,113

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 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 2011 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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.

(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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

(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.

(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 2011, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

(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.

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.

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.

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 2011 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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.

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

The fair value of options granted under both plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is measured using a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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.

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

(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 judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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 2011. Refer to note (l) and Note 23.

(s) Going concern

The Group has \$2,728,828 cash and cash equivalents as at 30 June 2011 and no significant liabilities. The sales pipeline for the 2012 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.

(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) Government Grants & Rebates

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.

The Export Market Development Grant is accrued up to the initial payment ceiling. Any additional amount above the initial payment will be recorded when the money is received.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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.

(w) Parent entity financial information

The financial information for the parent entity, Energy One Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements.

The financial report was authorised for issue on 11 August 2011 by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
NOTE 2: REVENUE AND OTHER INCOME

	Note	2011 \$	2010 \$
Sales revenue			
Sale of licence & related services		3,296,454	3,474,208
Other Revenue			
Interest received from other persons		105,090	123,369
R&D Tax Concession Offset	(a)	811,801	603,933
Export Market Development Grant	(b)	50,000	-
Total revenue from continuing operations		<u>4,263,345</u>	<u>4,201,510</u>

(a) The Company is expecting a research and development tax concession offset of \$723,784 from the Australian Tax Office (2010: \$600,000). A grant of \$688,017 was received in 2011 for the 2010 year. The difference from the previous recognised balance was recognised by the Group during the financial year.

(b) The Company recognised an Export Development Market Grant of \$50,000 in the period. There are no unfulfilled conditions or other contingencies attached to those grants.

NOTE 3: PROFIT FOR THE YEAR

	Note	2011 \$	2010 \$
EXPENSES			
Direct project related costs		368,224	497,574
Depreciation and amortisation			
Plant & equipment	11	37,131	25,711
Software development costs	12	427,300	407,235
Total		<u>464,431</u>	<u>432,946</u>
Impairment loss and write offs			
Software	12	512,868	130,788
Trade marks and licences	12	3,459	19,279
Total		<u>516,327</u>	<u>150,067</u>
Finance costs			
Fair value of contingent payment on business acquisition		-	44,252
Interest – external		-	147
Total		<u>-</u>	<u>44,399</u>
Rental expense on operating leases			
Minimum lease payments		121,966	108,970
Research and development			
Software – internally developed		1,028,845	475,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: INCOME TAX EXPENSE

	Note	2011 \$	2010 \$
(a) The components of tax expense comprise:			
Current tax		-	-
Deferred tax		-	-
Recoupment of prior year tax losses		-	-
		<u>-</u>	<u>-</u>
(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% (2010: 30%)		(234,282)	51,316
Add:			
Tax effect of:			
Non deductible expenses		(103,313)	(33,051)
Less:			
Tax effect of:			
Recoupment of prior year tax losses not previously brought to account		-	-
Benefit of tax loss not brought to account		337,595	(18,265)
Income tax attributable to entity		<u>-</u>	<u>-</u>
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	121,087	124,370	245,457
Deferred tax liability			
- Unearned income	(121,087)	(124,370)	(245,457)
Net	<u>-</u>	<u>-</u>	<u>-</u>

- (d) Tax
- The company has unrecognised accrued tax losses of \$2,300,340 to 30 June 2011 (2010: \$2,382,327). If those tax losses could be offset against taxable income they could be valued at \$690,102 (2010: \$714,698). 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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	Director and Chief Executive Officer
Andrew Bonwick	Director – Non-Executive
Vaughan Busby	Director – Non-Executive
Ian Douglas Ferrier	Director – Non-Executive
Ottmar Weiss	Director and Chairman – Non-Executive
Reena Minhas	Chief Financial Officer and Company Secretary
Richard Brys	UK Development
Vincent Ten Krooden	Operations Manager

Total key management personnel compensation of \$1,027,682 (2010: \$700,606) consists of short-term benefits of \$961,741 (2010: \$640,292), post-employment benefits of \$65,900 (2010: \$56,549) and a share based payment of \$41 (2010: \$3,765)

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 (2011)

	Balance 1.7.2010	Granted as Compensation	Options Lapsed	Balance 30.6.2011	Total Vested & Exercisable 30.6.2011	Total Unexer- cisable 30.6.2011
Andrew Bonwick	300,000	-	(300,000)	-	-	-
Vaughan Busby	2,400,000	-	(2,400,000)	-	-	-
Ottmar Weiss	600,000	-	(600,000)	-	-	-
Richard Brys	1,100,000	-	(600,000)	500,000	-	500,000
Shaun Ankers	-	500,000	-	500,000	-	500,000
Total	4,400,000	500,000	(3,900,00)	1,000,000	-	1,000,000

Richard Brys left the company in July 2011 which resulted in the cancellation of 500,000 options issued to him on 28 January 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

Number of Options Held by Key Management Personnel (2010)

	Balance 1.7.2009	Granted as Compensation	Options Lapsed	Balance 30.6.2010 & Exercisable 30.6.2010	Total Vested 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

(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 (2011)

	Balance 1.7.2010	Options Exercised	Net Change Other*	Shares held on appointment/ (cessation)	Balance 30.6.2011
Mr Shaun Ankers	87,000	-	-	-	87,000
Mr Andrew Bonwick	59,500	-	-	-	59,500
Mr Richard Brys	357,320	-	-	-	357,320
Mr Vaughan Busby	3,029,739	-	50,000	-	3,079,739
Mr Ian Ferrier	5,958,365	-	-	-	5,958,365
Mr Ottmar Weiss	200,000	-	11,443	-	211,443
Ms Reena Minhas	3,000	-	-	-	3,000
Vincent Ten Krooden	5,000	-	-	-	5,000
Total	9,699,924	-	61,443	-	9,761,367

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

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.

(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

	2011 \$	2010 \$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial reports	37,318	35,710
Taxation Services	9,520	23,300
Total	46,838	59,010

It is the Group's policy to engage Crowe Horwath Sydney to conduct assignments additional to their statutory audit duties where appropriate. These assignments are principally preparation of income tax return and deferred tax accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: EARNINGS PER SHARE

	2011 \$	2010 \$
Basic EPS	(0.0437)	0.0088
Diluted EPS	(0.0437)	0.0065
(a) Earnings used in calculating basic and diluted earnings per share	(780,954)	171,054
(b) Weighted average number of ordinary shares used in calculating basic earnings per share	17,793,229	19,481,231
(c) Weighted average number of options outstanding	-	6,964,932
(d) Weighted average number of ordinary shares used in calculating diluted earnings per share:	17,793,229	26,446,163
(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 outstanding at 30 June 2011 are not included in the calculation of diluted earnings per share because they are anti dilutive for the year end 30 June 2011. These options could potentially dilute basic earnings per share in the future. 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.

NOTE 8: CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank and in hand	724,959	1,532,442
Short-term bank deposits	2,003,869	851,740
	<u>2,728,828</u>	<u>2,384,182</u>

At the reporting date, the consolidated Group has deposits with banks that are used for restricted bank guarantees of \$42,481. These deposits have a term of less than 1 year.

The effective interest rate on short-term bank deposits for the year was 5.70% (2010: 4.34%); these deposits have an average maturity of 170 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:

	Notes	2011 \$	2010 \$
Cash and cash equivalents			
Deposit with bank for bank guarantees:			
- Other current assets	10	42,481	-
- Other non-current assets		-	238,931
Balance per statement of cash flows		<u>2,771,309</u>	<u>2,623,113</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		55,142	90,073
Accrued income	9(a)	762,009	970,125
R&D Tax Concession Offset	9(b)	723,784	600,000
Other receivables		66,415	45,256
		<u>1,607,350</u>	<u>1,705,454</u>

(a) Accrued Income

As at 30 June 2011 the Group accrued income based on work completed and not yet invoiced.

(b) R&D Tax Concession Offset

As at 30 June 2011 the Group expects a tax rebate offset from the Australian Tax Office for Research and Development relating to software development in the current year.

(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	
2011							
Trade and term receivables	817,151	-	-	-	-	-	817,151
Other receivables	790,199	-	-	-	-	-	790,199
Total	1,607,350	-	-	-	-	-	1,607,350
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: OTHER CURRENT ASSETS

	2011 \$	2010 \$
Prepayments	27,846	47,342
Deposit with bank for bank guarantees	42,481	-
	<u>70,327</u>	<u>47,342</u>

NOTE 11: PLANT AND EQUIPMENT

	2011 \$	2010 \$
At cost	265,346	215,056
Accumulated depreciation	(166,436)	(129,305)
	<u>98,910</u>	<u>85,751</u>

(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:

	Total Plant and Equipment \$
Balance as at 30 June 2009	70,808
Additions	40,927
Disposals	(273)
Depreciation expense	<u>(25,711)</u>
Balance as at 30 June 2010	85,751
Additions	50,290
Disposals	-
Depreciation expense	<u>(37,131)</u>
Balance as at 30 June 2011	<u>98,910</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: INTANGIBLE ASSETS

	Notes	2011 \$	2010 \$
Software development costs	12(a)	2,504,727	2,458,780
Accumulated amortisation (software)	12(b)	(1,528,199)	(1,100,900)
Impairment loss and write offs	12(d)	(512,869)	(130,788)
Total software development costs		463,659	1,227,092
Goodwill and contracts at cost	12(c)	455,748	455,748
Trademarks and licences at cost		3,458	3,458
Impairment loss and write offs		(3,458)	-
Total other intangible assets		455,748	459,206
Total Intangible Assets		919,407	1,686,298

(a) Software Development Costs

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

(b) Accumulated Amortisation

Amortisation of \$427,300 (2010: \$407,235) 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. The UtiliTrade software is treated as having an indefinite useful life because the technology used is not expected to be replaced by another technology at any time in the foreseeable and the product is expected to contribute to the entity's net cash inflows indefinitely.

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 21.75% (2010: 17%) over a 5 year period.

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 have performed an impairment test of software, trademarks, licences and goodwill at the balance sheet date and have concluded that the retail asset should be fully written down based on expected future cash flows from the Energy One Retailing product. The primary reason being the loss of one customer. Since then, the retail software has not generated any revenues to date. This has resulted in a one-off impairment charge of \$516,327 in 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Goodwill \$	Software \$	Trade Marks & Licences \$	Total \$
Movements in intangible assets during the year				
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 losses 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
Additions - internally developed	-	149,257	-	149,257
Additions - purchased		27,479		27,479
Amortisation expense	-	(427,300)	-	(427,300)
Impairment losses and write-offs		(512,869)	(3,458)	(516,327)
Net carrying value at 30 June 2011	455,748	463,659	3,458	919,407

NOTE 13: TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
Current		
<i>Unsecured liabilities</i>		
Trade payables	105,652	192,709
Sundry payables and accrued expenses	165,754	179,699
Total financial liabilities at amortised cost	<u>271,406</u>	<u>372,408</u>

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

NOTE 14: PROVISIONS

	Notes	2011 \$	2010 \$
Current			
Employee benefits (Annual leave provisions)	14(a)	<u>76,138</u>	<u>79,217</u>
Non Current			
Employee benefits (Long service leave provisions)		<u>26,037</u>	<u>16,024</u>

- (a) The entire obligation is presented as current since the Group does not have an unconditional right to defer settlement.
- (b) A provision has been recognised for employee entitlements relating to Long Service Leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: ISSUED CAPITAL

	2011 \$	2010 \$
17,793,229 fully paid ordinary shares (2010: 17,793,229 fully paid ordinary shares)	8,246,064	8,246,064

Ordinary Shares

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

Movements on ordinary share capital

Date	Details	\$	Number of Shares
1 July 2009	Opening Balance	8,785,929	22,119,384
1 July – 24 November 2009	Shares bought back	(539,865)	(4,326,155)
1 July 2010	Opening Balance	8,246,064	17,793,229
30 June 2011	Closing Balance	8,246,064	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. The Company bought back and cancelled 21,000 shares under this notice.

On 23 September 2009 the Company 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 2011. The Company uses its discretion as to the parcel sizes and the price paid for any given parcel of shares. During 2010 the Company bought back and cancelled 10,000 shares under this notice. There were no further share buy backs during the year ended 30 June 2011.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

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:

	2011 \$	2010 \$
Options issued to employees during the year	-	-
Options issued to directors during the year	41	3,765
	<u>41</u>	<u>3,765</u>

The balance of the reserves as at 30 June 2011 is \$81,283 which is comprised of options which lapsed in 2010 of \$19,013, options lapsed in 2011 of \$58,464, unexercised options in 2010 of \$3,765 and unexercised options in 2011 of \$41.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments	2011 \$	2010 \$
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	33,373	108,309
- between 12 months and 5 years	-	33,373
	<u>33,373</u>	<u>141,682</u>

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

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities or contingent assets as at 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011 the Group derived 93% of revenue from three major customers to which it provided both licences and services. The Company's most significant external customer accounts for 39% of external revenue with the next largest customer contributing 29%. Management assess the performance of the operating segment based on the accounting profit and loss.

NOTE 20: CASH FLOW INFORMATION

	2011 \$	2010 \$
(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit / (Loss) from ordinary activities after income tax	(780,954)	171,054
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	464,431	432,940
Impairment losses and write-offs	516,327	150,067
Employee option expense	41	3,765
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	69,262	(497,336)
(Increase)/decrease in other assets	70,181	(5,665)
(Decrease) in trade and other payables	(9,309)	(51,048)
Increase/(decrease) in provisions	(51,402)	76,652
Increase in deferred income	151,845	320,945
Net cash provided by/(used) in operating activities	430,222	601,374

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 2011.

This financial report was authorised for issue by the Directors on 11 August 2011. The Company has the power to amend and reissue this report.

NOTE 22: RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the group is Energy One Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

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

(d) Transactions with related parties

Consulting revenue for review of IT Solution proposal amounted to \$5,250 provided to a company owned by one of the directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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:

	Note	Consolidated Group	
		2011 \$	2010 \$
Financial assets			
Cash and cash equivalents	8	2,728,828	2,384,182
Trade and other receivables	9	1,607,350	1,705,454
Deposit with bank for bank guarantee	10	42,481	238,931
Due within 12 months		<u>4,378,659</u>	<u>4,328,567</u>
Financial liabilities			
Trade and other payables - due within 12 months		<u>271,406</u>	<u>372,408</u>
Net inflows		<u>4,107,253</u>	<u>3,956,159</u>

(a) Market Risk

(i) Foreign exchange risk

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

(ii) 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 2011 approximately 74% 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 2011

NOTES 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	
	2011 %	2010 %	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets										
Cash and cash equivalents	4.15	4.27	2,003,869	851,740	724,959	1,532,442	-	-	2,728,828	2,384,182
Receivables	-	-	-	-	-	-	1,607,350	1,705,454	1,607,350	1,705,454
Deposit for bank guarantee			42,481	238,931	-	-	-	-	42,481	238,931
Total Financial Assets			2,046,350	1,090,671	724,959	1,532,442	1,607,350	1,705,454	4,378,659	4,328,567
Financial liabilities										
Payables	-	-	-	-	-	-	271,406	372,408	271,406	288,297
Total Financial liabilities			-	-	-	-	271,406	372,408	271,406	288,297

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 2011, 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:

	2011 \$	2010 \$
Change in profit		
— Increase in interest rate by 1%	8,174	10,727
— Decrease in interest rate by 1%	(8,174)	(10,727)
Change in Equity		
— Increase in interest rate by 1%	8,174	10,727
— Decrease in interest rate by 1%	(8,174)	(10,727)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 \$1,000,000. 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 2011 had deposits which mature within nine months and cash at bank. Due to the cash available to the Group there is no use of any credit facilities at reporting date.

All financial assets and liabilities are due within 12 months. The net inflows expected are \$4,107,253 (2010: \$3,717,228).

(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 2011

NOTE 24: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

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.

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

On 11 March 2011, 3,900,000 million options that were issued in 2008, lapsed and were cancelled.

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at the start of the year	4,400,000	\$0.24	7,200,00	\$0.65
Granted during the year	500,000	\$0.37	500,000	\$0.37
Lapsed during the year	(3,900,000)	\$0.22	(3,300,00)	\$1.15
Balance at end of the year	1,000,000	\$0.37	4,400,000	\$0.24
Exercisable at year-end	-	-	-	-
Outstanding at year-end	1,000,000		4,400,00	

From the total 1,000,000 of options outstanding at 30 June 2011, 500,000 options have been cancelled in July 2011 (Note 5). The average remaining contractual life of the 500,000 options outstanding was 4.40 years. The exercise price of these outstanding options was \$0.37.

Fair Value of Options granted during the year

The fair value at grant date of options granted during the year ended 30 June 2011 was \$0.000210 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, 5 year term of the option, the impact of the dilution, the share price at grant date of \$0.13 and expected price volatility of the underlying share of 15%, the expected dividend yield of nil and the risk free interest rate of 5.35% for the term of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 25: BUSINESS COMBINATIONS

On 26 November 2010, the Company acquired Energy One Option Plan Managers Pty Limited. The Company has a sole purpose of obtaining Tax Paid Options and Shares acquired on exercise of Tax Paid Options in the Company for the benefit of participants. The two ordinary class shares were acquired at nil consideration.

On 30 November 2008, the Company acquired the business, including the software from UtiliSolutions 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	<u>655,748</u>

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	<u>655,748</u>

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 consisted of a lump sum payment of \$ 200,000 that was 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 was \$373,282 based on a discount rate of 12.8%.

As at 30 June 2011 the payable balance is \$nil (2010: \$50,000).

(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:

	2011	2010
Beginning balance	-	282,466
Adjustment to contingent goodwill	-	(26,718)
Interest expense charged	-	44,252
Payment	-	(300,000)
Ending balance	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 26: NEW ACCOUNTING POLICIES FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 26: NEW ACCOUNTING POLICIES FOR APPLICATION IN FUTURE PERIODS

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 27: SUBSIDIARY

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b)

Name of entity	Country of incorporation	Equity holding	
		2011	2010
		%	%
Advanced Interval Metering Pty Ltd	Australia	100	100
Energy One Limited Employee Option Plan Managers Pty Ltd	Australia	100	-

NOTE 28: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amount amounts:

	2011	2010
Balance Sheet		
Current assets	4,406,403	4,136,878
Total assets	5,424,720	6,147,858
Current liabilities	820,335	772,571
Total liabilities	846,372	788,595
<i>Shareholder equity</i>		
Issued capital	8,246,064	8,246,064
Reserves	81,283	81,242
Accumulated losses	(3,748,999)	(2,968,043)
Total Equity	4,578,348	5,359,263
Profit and loss for the year	(780,954)	171,054
Total comprehensive income	(780,954)	171,054

(b) **Guarantees entered into by the parent entity**
 Nil

(c) **Contingent liabilities of the parent entity**
 Nil

(d) **Contractual commitments for the acquisition of property, plant or equipment**
 Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 29: 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 Crowe 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.

Energy One Limited

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 22 to 55 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), 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 2011 and of its performance, for the financial year ended on that date; and
- (b) the Chief Executive Officer and the Chief Finance Officer have declared that:
 - (i) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Ottmar Weiss
Chairman



Shaun Ankers
Managing Director

Dated 11 August 2011

INDEPENDENT AUDITOR'S REPORT to the members of Energy One Limited

Report on the Financial Report

We have audited the accompanying financial report of Energy One Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 financial report.

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

Independence

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



Opinion

In our opinion:

- (a) the financial report of Energy One Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2011. The directors of the company 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.

Opinion

In our opinion, the Remuneration Report of Energy One Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Yours sincerely

Crowe Horwath Sydney
CROWE HORWATH SYDNEY

Leah Russell
LEAH RUSSELL
Principal

Dated this 11th day of August 2011

Energy One Limited

ABN 37 076 583 018

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 30 JUNE 2011

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	Redeemable
1 – 1,000	27	20,007
1,001 – 5,000	94	306,275
5,001 – 10,000	42	377,264
10,001 – 100,000	57	1,771,945
100,001 – and over	19	15,317,738
	239	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 2011 are:

Shareholder	Number	
	Ordinary	Percentage
Ian Douglas Ferrier, Polding Pty Ltd and Sonpine Pty Ltd	5,958,365	33.49%
Vaughan Busby and the Rearden Group Pty Ltd	3,079,739	17.31%
Bell Potter Nominees Limited	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 2011

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.	REARDEN GROUP PTY LTD	301,944	1.697
7.	MR RICHARD BRYN	293,080	1.647
8.	MS LEANNE MULCAHY	275,712	1.550
9.	MR ROBERT GRAHAM CHEESMAN & MRS DOROTHY PATRICIA CHEESMAN	213,780	1.201
10.	ABBYSAH PTY LIMITED	211,443	1.188
11.	CASTRICUM SUPERANNUATION PTY LTD	160,000	0.899
12.	QUILKEY HOLDINGS PTY LIMITED	150,000	0.843
13.	MR DONALD LOGAN & MR DAVID LOGAN	139,700	0.785
14.	SONPINE PTY LTD	133,700	0.751
15.	CASTRISUPER PTY LTD	131,000	0.736
16.	MRS ANNA CANDILORO	122,674	0.689
17.	PHILIP GEORGE INVESTMENTS PTY LTD	107,949	0.607
18.	REARDEN GROUP PTY LTD	105,654	0.594
19.	JAALEW INVESTMENTS PTY LTD	101,332	0.569
20.	MR G. S ANKERS & MRS L.F ANKERS	87,000	0.489
		15,404,738	86.576%

2. Company Secretary:

Reena Minhas

3. Address of Registered Office:

C/O Crowe Horwath Pty Limited
 Level 15
 309 Kent Street
 Sydney NSW 2000
 (02) 9262 2155

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 30 JUNE 2011

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 1,000,000 options are on issue. The 1,000,000 options are on issue to 1 director and 1 employee under the Energy One Option Plans.



Energy One Limited

Level 5

62 Pitt Street

Sydney NSW 2000

Australia

GPO Box 3968

Sydney NSW 2001

Ph: 02 8252 9898

Fax: 02 8252 9888

ABN 37 076 583 018

www.energyone.com.au