4 September 2019

ANNUAL REPORT

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to present to shareholders and the market the Annual Report for FY19.

Ends

About Locality Planning Energy Holdings Limited (LPE)

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

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

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Annual Report 2019

The electricity supplier supporting communities

LOCALITY PLANNING ENERGY
HOLDINGS LIMITED
ABN 90 147 867 301

CONTENTS

Locality Planning Energy (ASX: LPE) is an electricity and utility supplier specialising in servicing strata communities throughout South-East QLD.

CORPORATE DIRECTORY

Non-Executive Chairman
Mr Andrew Pierce

Non-Executive Director
Mr Neale O'Connell

Executive Directors
Mr Damien Glanville
Mr Ben Chester

Chief Financial Officer
Ms Melissa Farrell

Company Secretary
Mr Bill Lyne

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Auditors
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Lawyers
Gadens
Level 11, 111 Eagle Street
Brisbane, QLD 4000
Phone: +61 7 3231 1692

Share Registrar
Link Market Services Limited
10 Eagle Street
Brisbane City, QLD 4000
Phone: +61 1300 554 474

Stock Exchange Listing
Australian Securities Exchange
Code: LPE

CHAIRMAN'S LETTER

Dear Shareholders,

Throughout FY19, LPE has continued to solidify its position as a leader in the energy marketplace by successfully navigating its next phase of growth, further building its executive team with new expertise and welcoming new customers who have put their trust in LPE.

LPE's strong leadership has been a key component in executing the aggressive growth plan established in FY18, with a robust team now in place to ensure that each step of our journey is taken with consideration of all factors – from financial impact to customer experience. This year, we addressed the growing demand on our current board members by introducing an independent non-executive member to offer new perspectives and contribute to our overall strategy. We filled this position with Neale O'Connell, a widely experienced senior financial executive with proven success in multinational and listed environments. Previously the Chief Financial Officer of Tatts Group Limited, Neale has vast experience navigating companies through periods of financial growth and is already proving to be a valued member of the LPE team. His contributions will help ensure that LPE stays on its path of continued growth to maximise shareholder value.

To put numbers on FY19 growth compared to the previous year, LPE delivered revenue of $28.5 million, an increase of $6.5 million or 29%, and customer numbers increased by 43% to 21,555. The Company's new solar electricity offering has seen solid market uptake from LPE's innovative solar solutions, further demonstrating our commitment to delivering sustainable energy.

As we enter the next phase of growth, LPE's mission remains steadfast – to provide innovative energy solutions at cost-effective rates with a customer-first focus. Our commitment to customer satisfaction and providing world-class service has not wavered, and we believe this is what differentiates us from our competitors. As we head into the next year, we remain focused on innovation, outstanding service and transparency – all with the goal of increasing shareholder value.

In closing, on behalf of the Board, I would like to thank our shareholders and stakeholders for their continued support and trust. We have excellent leadership and staff at LPE, all of whom are dedicated to our mission and long-term goals. It is the combined effort of the entire LPE team that is successfully driving our mission forward.

Andrew Pierce
Non-Executive Chairman

MESSAGE FROM THE JOINT MANAGING DIRECTOR AND CEO

Financial year 18/19 was a difficult year with the later than anticipated finalisation of our debt facility, delaying growth in the first half. The LPE team, new and existing, responded outstandingly resulting in a huge second half of the financial year to generate strong customer growth.

Summary of the Year

The topic of electricity has been front-of-mind these past 12 months with media and Government both having plenty to say about how much we should be paying for electricity. Legislation has changed, effecting the operation of embedded networks moving forward, all in our favour.

We have shifted away from being just an electricity provider specialising in the sale of electricity to embedded networks, to encompass a greater electricity offering to our target market of strata communities.

Securing the $30 million debt facility with BlackRock was a landmark moment for LPE, demonstrating that our company is robust and can meet the rigorous due-diligence process of the world's largest investment fund. It is a true testament of the hard work and professionalism of our team.

Being LPE

The energy market is a constantly changing space, as we see a shift towards sustainable energy generation (and transparency for the end customer). LPE is the leader in our target market of strata for innovation, transparency and providing exceptional customer service. LPE is clear on why we do what we do, the important things that make us stand out, and what our success will look like.

LPE is defined by how the outside world sees us, which is a product of our organisational culture and the decisions we make. The ethical behaviour of our employees – from the sales team through to the executives – and the continuous focus on the customer and the communities in which we operate, are things we can be proud of. We are driven by:

- Our hunger to be the best electricity provider to strata communities and the greater communities we serve;
- Our desire to constantly improve on our capabilities, through the talent we attract;
- Outstanding operational leadership, innovation and capital discipline;
- Values that guide our behaviour, our ethical responsibilities to each other, integrity collaboration and accountability – all of which impact how we begin each day.

Sustainability

We have a long history of creating innovative and sustainable electricity solutions. FY20 is the year we bring this innovation to multi-tenancy living, providing all customers that live within these types of environments access to renewable energy as we strive to create energy sustainable strata communities.

Investing in Growth

LPE has unlimited potential. I have yet to meet a person who could not benefit from our services. The human demand and appetite for electricity grows daily as we seek to electrify our lives.

Harnessing this potential can only be accomplished through continued investment in growth. The last half of FY19 has seen LPE invest a further $1 million dollars into growing our sales teams and improving systems through unique software development – ensuring we are at the forefront of this opportunity in time.

MESSAGE FROM THE JOINT MANAGING DIRECTOR AND CEO (CONT'D)

We will continue to invest in our systems and our people as we seek to find efficiencies that enable us to keep our contact service teams on shore, as we see this as a unique selling point that our customers appreciate and expect.

Growth will see us expand our direct market customer numbers as we transition away from being a specialist embedded network electricity retailer and increase our electricity service offering for all customer types within and outside of multi-tenancy living. We will also extend our focus to small business to ensure they, too, receive honest and transparent electricity service.

Investment in growth will see LPE;

- Continually improve on customer service for a greater customer experience
- Increase our product offering past multi-tenancy living
- Be the leader in delivering innovative renewable energy solutions to all customer types within strata
- Be defined as the leading electricity provider for strata communities

FY20 Operating Priorities

In the meantime, we remain focused on our core market of embedded networks and ensuring a great customer experience while we nurture the expansion of our new product offerings.

As our teams grow and with more people on the road, we are increasing our focus on road safety and driving hours. The health and safety of all our staff is paramount to our success, as we want to see all team members get home safely.

With increased customer numbers comes an increased number of inbound calls, and to alleviate customer service pressures we will continue with our educational videos to help customers understand their electricity bill as we focus on creating more informative bills.

Managing customers experiencing financial hardship is always difficult, and the great work and effort that goes into this delicate process from our specialised collections team doesn't go unnoticed as we continue to improve on bad debt which sits currently less than 0.004%.

As for all businesses, our number one priority for FY20 is to deliver strong financial results. While the company remains in a period of rapid growth, we firmly believe we have created the right foundation for FY20 to be the year where we reach profitability.

In closing, I would like to acknowledge the hard-working staff at LPE who makes this all happen day-to-day. They are the voices and faces that our customers interact with daily and are largely responsible for the impressive reputation that LPE has established in such a short amount of time. I commend their dedication to LPE's goals and ideals, and I look forward to the coming year with their continued support and strong work ethic.

Mr Damien Glanville
Joint Managing Director & CEO

WHY WE DO WHAT WE DO

LPE continues to work towards its mission to become Australia's market leader in innovative energy solutions, while offering the lowest rates and world-class customer service. LPE remains focused on operating with an open and transparent business model and pricing structure – *honest energy* – with the ultimate goal being to build long-term trust with the residents we serve.

What further differentiates LPE is its strong local focus – supporting local residents and SME businesses so the entire community grows and prospers together. The company's "local first" focus goes beyond the exceptional services it offers. It also means that local jobs are prioritised – there is no outsourcing unlike the competition – therefore money is fed back into our communities for an enhanced quality of life for our customers.

With our head office based on the Sunshine Coast, QLD, LPE understands the importance of communities and the role local companies play in them. The Company now provides 73 local people with employment, and continues to invest money in the local community.

In FY19, the company's aggressive growth plan included an expanded geographic area of service, now servicing NSW in addition to QLD. This expansion has not and will not disrupt LPE's local community philosophy or its focus on honest energy. It simply means that more of Australia's residents will benefit from our business model and philosophy.

LPE sets itself apart from other energy providers with its innovative offerings for SME businesses and strata communities. The company focuses on educating businesses and Body Corporates about their energy options, how to save money for themselves and residents, and solutions for assisting under-serviced communities. The creation of an embedded network for existing strata communities has been a mainstay for the last five years, providing long-term, secure electricity at costs well below the standard direct market offer. By offering access to the direct electricity market to both SME and residential customers, LPE has positioned itself for exceptional growth with its solar products – making this a significant focus in the coming year.

We remain committed to innovation, cost-savings for customers, transparency and outstanding customer service. This business model is responsible for our exceptional growth to date and will continue to position LPE as an energy leader for the communities we serve.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Locality Planning Energy Holdings Limited and its controlled entities at the end of, or during the year ended, 30 June 2019

The Directors

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

Mr Andrew Pierce

Non-Executive Chairman and Director

Qualifications
FCA

Appointment Date
17 March 2014

Experience
Mr Pierce is an accomplished and highly regarded accountant and director, having served on the boards of Variety The Children's Charity (NSW), Guide Dogs (NSW/ACT), Royal Guide Dogs Australia and the Centre For Eye Health Limited. He is highly skilled in the areas of financial reporting and company regulatory & governance areas. Mr Pierce is a Fellow of Chartered Accountants Australia and New Zealand, having been in private practice as a partner or principal since 1972. Mr Pierce is a member of the Audit and Risk Management Committee. In accordance with the ASX Corporate Governance Council's definition of independence and the materiality thresholds set, the directors consider Mr Pierce to be independent.

Special Responsibilities
Chairman and Chairman Nominations Committee

Interest in Shares and Options
400,000 fully paid ordinary shares

Directorships Held in Other Listed Entities
Nil

Mr Neale O'Connell

Non-Executive Director

Qualifications
BBus, CA

Appointment Date
19 March 2019

Experience
Mr O'Connell is a widely experienced senior financial executive with a strong background in public companies. He was recently appointed as Global CFO for Corporate Travel Management (CTM). Prior to this Mr O'Connell was Group CFO at Tatts Group, where he spent 14 years before departing in 2018 following the merger with Tabcorp. He also spent six years as Group Financial Controller for Smorgon Steel. Mr O'Connell is a Chartered Accountant and he is also a member of the Australian Institute of Company Directors, and the Finance and Treasury Association. In accordance with the ASX Corporate Governance Council's definition of independence and the materiality thresholds set, the directors consider Mr O'Connell to be independent.

Special Responsibilities
Chairman Audit and Risk Management Committee and Chairman Remuneration Committee

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Nil

The Directors

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

Mr Damien Glanville

Executive Director, Co-founder
and Chief Executive Officer

Appointment Date
11 December 2015

Experience
Mr Glanville has seventeen years experience in senior management, logistics and Executive Director roles, the last seven specifically focused in the renewable energy on-site generation and solar PV industry. Mr Glanville is a co-founder and architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation and is also listed as the Chief Executive Officer for the management components of the Australian Energy Regulators authorisation to retail electricity.

Special Responsibilities
Chief Executive Officer
and Joint Managing Director

Interest in Shares and Options
8,500,995 fully paid ordinary shares

Directorships Held in Other Listed Entities
Nil

Mr Ben Chester

Executive Director, Co-founder
and Chief Operating Officer

Qualifications
B. Eng

Appointment Date
11 December 2015

Experience
Mr Chester has nine years experience in large scale development and deployment of energy assets, along with ‘energy to market’ strategy. He spent four years in an ASX listed company specialising in renewable projects, as the principal design and projects engineer for several commercial and utility scale deployments. Mr Chester has contributed to several Australian, State and Federal Government advisory panels and with the Government of Thailand on generation, deployment strategies and network integration. Mr Chester is a co-founder and architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation and is listed as the Chief Operating Officer for the functional and compliance components of the Australian Energy Regulator’s authorisation to retail electricity.

Special Responsibilities
Chief Operating Officer
and Joint Managing Director

Interest in Shares and Options
8,510,995 fully paid ordinary shares

Directorships Held in Other Listed Entities
Nil

Ms Melissa Farrell
Chief Financial Officer

Qualifications
BBus, CPA, Master Finance

Appointment Date
31 May 2017

Experience
Melissa has twenty years experience working in accounting and finance, five of which have been in senior executive roles. She has worked in various sectors including banking and mining, both in Australia and overseas for publicly listed companies. She is highly skilled in the areas of financial control, reporting and risk management. Ms Farrell is a member of Certified Practicing Accountants and has a Masters in Applied Finance.

Special Responsibilities
Chief Financial Officer

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Nil

Mr Bill Lyne
Company Secretary

Qualifications
BCom, CA, FCIS, FGIA, FAICD, FFIN

Appointment Date
31 May 2017

Experience
Mr Lyne is the principal of the Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is currently secretary of three other listed companies and has a wealth of experience in corporate governance principles and practice.

Special Responsibilities
Company Secretary

Interest in Shares and Options
Nil

Directorships Held in Other Listed Entities
Director of Jumbo Interactive Limited, appointed 30 October 2009

Principal Activities of the Consolidated Entity

The principal activity of the consolidated entity is the sale of electricity and utility services to residential and commercial customers throughout the Australian National Electricity Market.

Operating Results

The net result of operations of the consolidated entity for the year ended 30 June 2019 was a loss of $2.2 million (2018 – loss of $1.1 million) which included:

- Revenue and Other Income $28.5 million (2018: $22.1 million);
- Costs of goods sold $22.6 million (2018: $17.5 million);
- Interest expense $0.4 million (2018: $0.2 million);
- Employee costs of $4.0 million for FY19, and $3.0 million for FY18;
- Other expenses of $4.0 million (2018: $2.7 million).

Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 30 June 2019 and to the date of this report.

Review of Activities and Business Strategies

With FY19 came the appointment of Neale O'Connell as an independent non-executive member, to help alleviate increasing demand on board members. Neale brings expertise and new perspective to LPE, and he will be instrumental in navigating LPE through its next phase of growth and creation of shareholder value. He is a widely experienced senior financial executive with a proven track record in multinational and listed companies.

The expected (July 2018) finalisation of the BlackRock debt facility was delayed which created some unexpected obstacles, that resulted in lower than anticipated growth in the first half of FY19. While we experienced an increase in electricity sales of 53.2% year-over-year, residential customer growth was limited to just 2,000 for the first half of the year. Now completed, the BlackRock debt facility is allowing LPE to accelerate delivery of its solar energy solution and deliver significant growth in customer numbers, resulting in 29% growth in revenue and other income FY19 to $28.5 million.

To support LPE's growth, a National General Manager of Sales and Marketing was added to the team, as well as 32 new salespeople, including a National Hot Water Manager. Collectively, these new additions to the LPE team will be responsible for delivering significant growth as we head into the next 12 months.

Efforts to grow the direct market offer were strong this year, with LPE remaining focused and committed to servicing SME businesses, body corporate common areas and all customer types not suited to an embedded network.

Business Risks

The Company has identified the following risks as having the potential to materially affect LPE's ability to meet its business objectives:

Regulatory policy

LPE is exposed to regulatory policy change and government interventions. Changes in energy market design and climate change policies for example, have the potential to impact the financial outcomes of the Company. LPE contributes to policy process by actively participating in public policy debate, proactively engaging with policy makers and participating in public forums, industry associations and research.

Competition

LPE operates in a highly competitive industry which can put pressure on margins. Our strategy to mitigate this risk is to effectively build customer loyalty and trust by delivering an exceptional customer service experience based on openness and transparency, and by offering innovative energy solutions that come with longer length supply terms.

Changes in demand for energy

A decrease in demand for energy could possibly reduce LPE's revenues and adversely affect the Company's future financial performance. LPE cannot control the habits or consumption patterns of our customers, however LPE works to mitigate the impact of this risk by utilising data analytics to better predict customer demand.

Technological developments/disruption

Technology is allowing consumers to understand and manage their electricity usage through smart appliances, having the potential to disrupt the Company's existing relationship with consumers. Advances in technology have the potential to create new business models and introduce new competitors. LPE actively monitors and participates in technological developments and is exploring investments in new innovative products to enhance customer experience and reduce cost to serve.

Cyber security

A cyber security incident could lead to disruption of critical business operations. It could also lead to a breach of privacy, and loss of and/or corruption of commercially sensitive data which could adversely affect customers. LPE regularly assesses its cyber security profile. All Employees undertake cyber awareness training, including how to identify scam emails and how to keep data safe.

Climate change

The ongoing decarbonisation of energy markets and the decreasing demand for fossil fuels provides both risks and opportunities for LPE. The Company is focused and committed to growth and innovation of its Solar products.

Outlook

LPE recognises that the demand for solar electricity is growing rapidly in Australia, as our country is leading the way in renewable energy. LPE's Solar for Small Communities commitment is the first of its kind in Australia, allowing Body Corporates to make solar available in common property areas with individual occupants choosing to opt-in if they wish. At no upfront cost to the Body Corporate or residents for installation, equipment or maintenance, this option presents a long-term solution for cost savings to strata communities while establishing low-rate, and long-term contracts for LPE.

The Company continues to be open to new revenue opportunities to diversify revenue stream and customer base with approval from the AER currently pending for a retail gas authority.

Significant Changes in the State of Affairs

Adoption of new accounting standard AASB15, effective 1st July 2019, has resulted in the Company no longer recognising site conversion costs as intangible assets, and as such we have had to restate prior year's financial statements. Revenue from site conversions are now treated as receivables, and the associated costs are expensed as costs of goods sold, at the point in time an embedded network goes live. This accounting standard also requires us to report separately the implied financing component of site conversions as 'interest' with FY19 revenue of $28.5 million effectively being split between 'electricity sales' $27.7 million and 'interest' $0.8 million. With the implied financing component of site conversion revenue now being reported separately, electricity margins are now 18.5% for FY19 (2018: 18.1% restated from 24.5%).

This change in accounting treatment has also impacted the presentation of our cash flow statement, with payments for site conversions previously being recognised as cashflows from investing activities, now being recognised as cashflows from operating activities. The impact to the FY19 cashflow statement is $1.1 million (2018: $2.1 million).

Events Subsequent to Balance Date

There are no matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Company Health and Safety Policy

It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

Specifically, all employees are responsible for safety in their work area by;

- following the safety and security directives of management;
- advising management of areas where there is a potential problem in safety and reporting suspicious occurrences; and
- minimising risks in the workplace.

Directors' Meetings

Director	Meetings of Directors Held*	Meetings of Directors Attended
Andrew Pierce	13	12
Damien Glanville	13	13
Ben Chester	13	13
Neale O'Connell	3	3

Director	Audit & Risk Comittee Meetings Held*	Audit & Risk Committee Meetings Attended
Andrew Pierce	2	2
Damien Glanville	2	2
Ben Chester	2	2

Director	Remuneration Committee Meetings Held*	Remuneration Committee Meetings Attended
Andrew Pierce	2	2
Damien Glanville	2	2
Ben Chester	2	2

Director	Nomination Committee Meetings Held*	Nomination Committee Meetings Attended
Andrew Pierce	1	1
Damien Glanville	1	1
Ben Chester	1	1

* of which eligible to attend

REMUNERATION REPORT - AUDITED

Remuneration Practices

The Company has established a Remuneration Committee as a Committee of the Board.

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

a) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;

b) ensuring that the executive remuneration policy demonstrates a clear relationship between senior executive performance and remuneration;

c) recommending to the Board the remuneration of executive Directors;

d) fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;

e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;

f) reviewing and approving the remuneration of the Chief Executive Officer / Managing Director and, as appropriate other senior executives; and

g) reviewing and approving any equity based plans and other incentive schemes.

The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

The key management personnel (KMP) of Locality Planning Energy Holdings Limited and the consolidated entity includes the directors of the Parent Entity.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for KMP of the Consolidated Group is based on the following:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Remuneration committee reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Engagement of Remuneration Consultants

During the financial year, Diamond Impact Pty Ltd was engaged by the remuneration committee to review elements of KMP remuneration and provide recommendations. In addition, Diamond Impact provided the followings services to the Company during the year:

- Facilitation of the Board's annual performance evaluation processes.
- Expatriate advisory services.

Diamond Impact was paid $18,500 for the remuneration recommendations relating to the review of the elements of KMP remuneration and $12,000 for all other services.

2019 Remuneration

	Short Term Employee Benefits Salary & Fees	Post-Employment Benefits Superannuation	Long Term Employment Benefits	Total
Directors				
Andrew Pierce	$125,000	-	-	$125,000
Damien Glanville	$325,070	$22,594	$5,145	$352,809
Ben Chester	$325,070	$22,594	$5,121	$352,785
Neale O'Connell *	$15,000	$1,425	-	$16,425
Executives				
Melissa Farrell	$171,755	$16,304	$894	$188,953
Total	$961,895	$62,917	$11,160	$1,035,972

* Appointed 19 March 2019

2018 Remuneration

	Short Term Employee Benefits Salary & Fees	Post-Employment Benefits Superannuation	Long Term Employment Benefits	Total
Directors				
Andrew Pierce	$115,000	-	-	$115,000
Damien Glanville	$311,185	$20,048	$1,485	$332,718
Ben Chester	$326,040	$20,048	$1,484	$347,572
Executives				
Melissa Farrell	$167,192	$15,883	$351	$183,426
Total	$919,417	$55,979	$3,320	$978,716

Loans from Key Management Personnel

Temporary loans advanced and repaid during the year incur interest at 12% per annum.

	$
Balance at beginning of the year	1,150,000
Loans advanced	150,000
Loan repayments made	(1,300,000)
Interest charged	61,733
Interest paid	(61,733)
Balance at end of the year	-

Shareholdings of Key Management Personnel

	Balance 1 July 2018	Consolidate Shares 50 to 1	Shares Acquired	Shares Disposed	Balance 30 June 2019
Directors					
Andrew Pierce	20,000,000	19,600,000	-	-	400,000
Damien Glanville	421,299,756	412,873,761	75,000	-	8,500,995
Ben Chester	421,299,756	412,873,761	85,000	-	8,510,995
Neale O’Connell	-	-	-	-	-
Executives					
Melissa Farrell	-	-	-	-	-

Environmental

Whilst it was not an environmental issue for the Company, under the Renewable Energy Target, the Company is obliged to purchase and surrender an amount of large-scale generation certificates, and small-scale technology certificates, based on the volume of electricity the Company acquires each year. This administrative function is managed through the purchase of electricity.

Indemnification and Insurance of Officers or Auditor

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and the Secretary. The Company has insured all of the Directors and Officers of Locality Planning Energy Holdings Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances. The Company has not indemnified or insured its auditor.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services is consistent with the independence standard for auditors under the Corporations Act 2001.

The non-audit services did not substantially impact the subject matter of the audit.

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 other such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and forms part of this directors' report and can be found on the following page.

Andrew Pierce
Non-Executive Director
Dated: 04 September 2019

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys.

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director

Brisbane
04 September 2019

SHAREHOLDER INFORMATION

Shareholder Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in the Annual Report, current as at 31 July 2019, is advised hereunder.

Stock Exchange Quotation

The Company's shares are quoted on the ASX under the code "LPE".

Classes of Securities

The Company has the following equity securities on issue:
ASX quoted: 50,210,736 ordinary shares, each fully paid, held by 1,004 shareholders.

Voting Rights

The voting rights attaching to ordinary shares are set out in Clause 13.13 of the Company's Constitution and are summarised as follows:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote (even though he or she may represent more than one shareholder); and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed proxy, attorney or representative, have one vote for the share.

Holders of options have no voting rights until such options are exercised.

Restricted Securities

16,000,000 ordinary shares, subject to voluntary escrow until 13 March 2020.

On-market Buy-backs

There is no current on-market buy-back of any securities.

Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at
https://www.localityenergy.com.au/site/company/corporate-governance

Distribution of Security Holders

Distribution of shares and the number of holders by size of holding are:

Shareholding Range	Number of Holders	Number of Shares
1-1,000	335	162,199
1,001-5,000	284	791,965
5,001 - 10,000	117	909,024
10,001-100,000	226	7,163,289
100,001 and over	42	41,184,259
Totals	**1,004**	**50,210,736**

Twenty Largest Security Holders

	Shareholder	No. of Shares	% of Capital
1	Lumber Co Pty Ltd <Chester Family A/C>	8,510,995	16.95%
2	Mr Damien Ian Glanville <The Glanville Family A/C>	8,388,995	16.71%
3	Pettett Pty Ltd <Pettett Family A/C>	7,850,000	15.63%
4	Jarwill Pty Ltd <Jarwill Investment A/C>	3,738,003	7.44%
5	National Nominees Limited	2,490,000	4.96%
6	Defender Equities Pty Ltd <Defender Aus Opportun FD A/C>	1,400,000	2.79%
7	BNP Paribas Nominees Pty Ltd Hub 24 Custodial Serv Ltd DRP	913,976	1.82%
8	Ginga Pty Ltd <T G Klinger Super Fund A/C>	753,222	1.50%
9	Fernsha Pty Limited <Simon's Brooklyn A/C>	700,000	1.39%
10	Woodville Super Pty Limited Woodville Super Pty Limited	683,845	1.36%
11	Mr Anthony Bracks	427,839	0.85%
12	Netwealth Investments Limited <Wrap Services A/C>	420,100	0.84%
13	Sore Tooth Pty Limited <Simon Tilley Super Fund A/C>	410,000	0.82%
14	Ems Arcadia Pty Ltd <CB Films Superfund No2 A/C>	400,000	0.80%
15	Mr Michael Charles Bowden	300,000	0.60%
16	Harrington Partners Fund 1 Pty Ltd <Harrington Part Fund 1 A/C>	282,427	0.56%
17	M&S Kriticos SMSF Pty Ltd <M&S Kriticos Super Fund A/C>	280,606	0.56%
18	Equity Trustees Superannuation Limited	256,665	0.51%
19	Mr Rodney Patrick Callahan	239,253	0.48%
20	Mr Stephen Con Kriticos	221,744	0.44%
	Total Top 20 Holders of LPE Ordinary Fully Paid Shares	**38,667,670**	**77.01%**
	Total Remaining Holders	**11,543,066**	**22.99%**

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Name	No of Shares
BEN CHESTER / LUMBER CO PTY LTD	8,510,995
DAMIEN GLANVILLE FAMILY / SUPER FUND	8,500,995
PETTETT PTY LTD <PETTETT FAMILY A/C>	7,850,000
JARWILL PTY LTD <JARWILL INVESTMENT A/C>	3,738,003

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

	Note	2019 $	2018 Restated* $
Revenue			
Electricity sales	5	27,722,990	21,348,695
Less cost of goods sold			
Energy usage charges		(10,493,261)	(7,499,849)
Network charges		(7,854,489)	(5,773,809)
Unrealised gain/losses on derivatives		42,945	-
Other COGS		(4,300,110)	(4,209,178)
Total cost of goods sold		**(22,604,915)**	**(17,482,836)**
Gain from trading		**5,118,075**	**3,865,859**
Other Income			
Interest received	5	753,535	751,878
Other receipts	5	-	18,919
Other expenses			
Bad and doubtful debts		(122,489)	(121,964)
Interest expense		(403,338)	(156,048)
Depreciation and amortisation		(248,589)	(219,683)
Employee costs		(4,041,043)	(3,038,296)
Gain/(loss) on disposal of assets		(29,771)	(5,768)
Other expenses		(2,355,208)	(1,366,909)
Professional costs		(852,862)	(808,045)
Loss from operations		**(2,181,690)**	**(1,080,057)**
Loss before income taxes		**(2,181,690)**	**(1,080,057)**
Income tax benefit/(expense)	6	-	-
Net loss for the period		**(2,181,690)**	**(1,080,057)**
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive loss for the year		(2,181,690)	(1,080,057)
Basic/diluted earnings/(loss) per share (dollars per share)	15	(0.0435)	(0.0215)

* See note 25 for details about restatements for changes in accounting policies

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

	Note	2019 $	2018 Restated* $	1 July 2017 Restated* $
Current assets				
Cash and cash equivalents	20	3,306,072	1,364,363	3,977,705
Trade and other receivables	7	3,065,010	2,386,669	1,872,142
Site conversion receivables	7	1,554,644	1,311,224	757,602
Financial assets - derivatives		42,945	-	-
Other current assets	8	337,181	626,114	668,124
Total current assets		**8,305,852**	**5,688,370**	**7,275,573**
Non-current assets				
Site conversion receivables	7	3,965,663	3,851,330	2,466,362
Plant and equipment	9	448,655	322,410	450,908
Leasehold improvements	10	372,371	407,925	459,050
Intangibles	11	162,154	218,851	90,300
Total non-current assets		**4,948,843**	**4,800,516**	**3,466,620**
TOTAL ASSETS		**13,254,695**	**10,488,886**	**10,742,193**
Current liabilities				
Trade and other payables		3,292,863	2,317,761	1,586,116
GST payable		19,359	4,247	-
Employee entitlements - leave provisions		248,307	180,862	158,649
Borrowings	12	35,784	1,283,857	45,524
Total current liabilities		**3,596,313**	**3,786,727**	**1,790,289**
Non-current liabilities				
Employee entitlements - leave provisions		44,177	21,769	-
Borrowings	12	5,182,725	67,220	1,258,677
Total non-current liabilities		**5,226,902**	**88,989**	**1,258,677**
TOTAL LIABILITIES		**8,823,215**	**3,875,716**	**3,048,966**
NET ASSETS		**4,431,480**	**6,613,170**	**7,693,227**
Equity				
Issued capital	13	39,064,880	39,064,880	39,064,880
Reserves	14	-	-	125,000
Accumulated losses		(34,633,400)	(32,451,710)	(31,496,653)
TOTAL EQUITY		**4,431,480**	**6,613,170**	**7,693,227**

* See note 25 for details about restatements for changes in accounting policies

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2019

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

	Note	2019 $	2018 Restated* $
Cash flows from operating activities			
Receipts from customers		26,713,354	18,921,857
Payments to suppliers and employees		(28,630,798)	(21,955,523)
Interest received		749,638	761,536
Interest paid		(399,995)	(156,048)
Net cash provided by/(used in) operating activities	20	**(1,567,801)**	**(2,428,178)**
Cash flows from investing activities			
Payment for plant and equipment		(240,490)	(47,913)
Payment for leasehold improvements		(25,732)	(8,304)
Payment for intangibles		(49,261)	(182,187)
Proceeds from sale of assets		-	31,364
Net cash provided by/(used in) investing activities		**(315,483)**	**(207,040)**
Cash flows from financing activities			
Financing costs paid		(1,033,000)	(25,000)
Proceeds from loans		6,877,710	98,181
Repayment of loans		(2,019,717)	(51,305)
Net cash provided by/(used in) financing activities		**3,824,993**	**21,876**
Net increase/(decrease) in cash and cash equivalents		1,941,709	(2,613,342)
Cash and cash equivalents opening balance		1,364,363	3,977,705
Cash and cash equivalents closing balance	20	**3,306,072**	**1,364,363**

* See note 25 for details about restatements for changes in accounting policies

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

	Issued Capital	Options Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2017	**39,064,880**	**125,000**	**(31,733,100)**	**7,456,780**
Adjustment due to AASB 15 implementation*	-	-	236,447	236,447
Restated total equity at 1 July 2017	**39,064,880**	**125,000**	**(31,496,653)**	**7,693,227**
Profit/(Loss) after income tax	-	-	(1,080,057)	(1,080,057)
Expired options	-	(125,000)	125,000	-
Restated Balance at 30 June 2018	**39,064,880**	**-**	**(32,451,710)**	**6,613,170**
Restated Balance at 1 July 2018	39,064,880	-	(32,451,710)	6,613,170
Profit/(Loss) after income tax	-	-	(2,181,690)	(2,181,690)
Balance at 30 June 2019	**39,064,880**	**-**	**(34,633,400)**	**4,431,480**

* See note 25 for details about restatements for changes in accounting policies

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

The financial statements of Locality Planning Energy Holdings Limited ("the Company") for the year ended 30 June 2019 covers the Consolidated Entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled from time to time throughout the year ("the Group" or "Consolidated Entity") as required by the Corporations Act 2001. Locality Planning Energy Holdings Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars, which is the functional currency.

The address of the Group's registered office and principal place of business is Suite 306, Tower One, 55 Plaza Parade, Maroochydore, QLD, 4558.

2 BASIS OF PREPARATION

A. Statement of compliance

The Financial Report has been prepared in accordance with requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

This report is to be read in conjunction with any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

B. Basis of measurement

The financial statements have been prepared on the historical cost basis.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Impairment of financial assets (trade receivables and financial assets) are assessed for impairment as described in Note 3G. Note 3H describes the processing for assessing impairment for non-financial assets (property, plant and equipment, intangible assets and other assets).

C. Use of estimates and judgements (Cont'd)

Site Conversion Revenue

Site conversion revenue is recognised upon installation, however customers are able to make payment over a 5 to 10 year period. The Group has assessed that where this payment is deferred, the transaction contains a significant financing component and therefore the revenue must be adjusted for the effects of the time value of money. Judgement is therefore required to determine the amount of the consideration that relates to the site conversion revenue, and the amount relating to the financing of the purchase. See note 3K for further details.

D. Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group incurred a net loss after income tax for the year ended 30 June 2019 of $2,181,690 (2018: $1,080,057) and a net cash outflow from operations of $1,567,801 (2018: $2,428,178). These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as a going concern.

Notwithstanding this, the Group has prepared budgets based on its current growth plans, which indicate that the Group will become profitable in the near future. The Group also has access to a financing facility of $30 million, of which only $6.1 million has been used at 30 June 2019, which will assist with any working capital requirements in the short term. For these reasons the directors have determined the Group has access to sufficient net working capital to maintain continuity of normal business activity and pay its debts as and when they fall due, and therefore that it is appropriate to prepare the financial report on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Group.

A. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Locality Planning Energy Holdings Limited and its subsidiaries for the year ended 30 June 2019 ("the Group"). Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Income Tax

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised. To the extent that any rebates are received from Government taxation authorities, they are recognised in profit or loss as an income tax benefit.

C. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses

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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on either a straight line basis or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate & Method*
Plant and equipment	10-50% per annum straight line or diminishing value
Motor Vehicles	25% per annum, diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

D. Intangible Assets

Intangible assets include the cost of software and legal costs. Software has an estimated useful life of between three and ten years. It is assessed annually for impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Leasehold Improvements

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

F. Trade and Other Payables

Trade and other payables represent liablities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at a mortised cost using the effective interest method.

G. Impairment of Financial Assets

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which prescribes the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, and a provision matrix is used.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

H. Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

I. Share-based Payments

The Consolidated Entity may make share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

J. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Revenue

Revenue for the Group can be categorised as follows:

- Supply of electricity
- Supply of embedded network infrastructure (including installation)

Supply of electricity

Revenue from the supply of electricity is recognised as the customer obtains a benefit from the supply, which occurs over time as the customer consumes the electricity. Consumption is determined by meter readings. Between meter readings, consumption is estimated using industry and historical customer consumption patterns, along with consumption reports from the Group's suppliers.

Costs associated with the supply of the electricity are expensed over time in line with customers' consumption.

Supply of embedded network infrastructure

The Group arranges to supply and install embedded network infrastructure on customers' premises. The performance obligation is the installation of the infrastructure, and therefore revenue is recognised at a point in time upon installation.

Customers have the option to pay for this embedded network infrastructure over the life of a related electricity supply contract, ranging from 5 to 10 years. Therefore a significant financing component has been identified within these contracts. The revenue is therefore discounted to remove the financing component. Consideration receivable in respect of this revenue is recognised as 'site conversion receivables' in the Statement of Financial Position. The financing component has been assessed by the Group at a rate of 12% per annum, and this is recognised as interest revenue over time until the customer has paid all consideration.

Costs incurred to supply and install the embedded network infrastructure are expensed when the revenue is recognised, upon installation. For costs incurred on site conversions where the embedded network has not yet been installed, and therefore no revenue yet recognised, the costs are capitalised within the inventory balance contained within 'Other Assets' in the Statement of Financial Position.

L. 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 Tax 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 expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

M. Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Earnings per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

O. Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Consolidated Entity are classified as finance leases. There are currently 4 motor vehicles under finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

P. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial Liabilities

Financial liabilities are subsequently measured at:
- Amortised cost; or
- Fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Financial Instruments (Cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- It is incurred for the purpose of repurchasing or repaying in the near term;
- Part of a portfolio where there is an actual patter of short-term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

The Group currently does not recognise any financial liabilities at fair value through profit or loss, with all financial liabilities being at amortised cost.

Financial Assets

Financial assets are subsequently measured at:
- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- The contractual cash flow characteristics of the financial asset; and
- The business model for managing financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- The financial asset is managed solely to collect contractual cashflows; and
- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- The business model for managing the financial assets comprises both contractual cashflows and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group currently has futures contracts that are recognised within financial assets in the Statement of Financial Position that are recognised at fair value through profit or loss. All other financial assets are recognised at amortised cost.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Financial Instruments (Cont'd)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for Derecognition of financial asset:
- The right to receive cash flows from the asset has been expired or been transferred;
- All risk and rewards of ownership of the asset have been substantially transferred; and
- The Group no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Q. Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Long-term employee benefits are only recognised to the extent that it is considered probable that employees will reach the eligible service period.

R. New Accounting Standards Issued but not yet Applicable

Certain new accounting standards and interpretations have been issued that do not take effect in the current accounting period, but will impact future accounting periods. The Directors have decided against early adoption of any of these standards. The significant changes are discussed below.

AASB 16 Leases

This standard removes the distinction between operating and financing leases for lessees as previously defined by AASB 16 Leases. Instead, an entity recognises a 'Right-of-use' asset for all leases entered into, along with corresponding lease liabilities for the discounted value of future payments due under the lease, subject to various adjustments.

Management expects this standard to have some impact on the financial statements as it is currently party to a number of operating leases that are not in the Statement of Financial Position.

Had all of the leases in place at 30 June 2019 been accounted for in accordance with AASB 16, management believes there would have been an additional right-to-use asset and corresponding liability of approximately $277,000 in addition to the existing finance lease liability.

This standard takes effect for reporting periods beginning on or after 1 January 2019.

4 SEGMENT REPORTING

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment.

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

5 REVENUE AND OTHER INCOME

	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Electricity sales	27,722,990	21,348,695
Interest revenue	753,535	751,878
Other receipts	-	18,919
Total revenue and other income	28,476,525	22,119,492

6 INCOME TAX

Components of tax expense/(benefit) comprise:	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Current tax	-	-
Prior year tax	-	-
Deferred tax	-	-
Income Tax Expense/(Benefit)	-	-
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from operations before tax for the year	(2,181,690)	(1,080,057)
The prima facie income tax benefit on loss before income tax at a tax rate of 27.5% (2018: 27.5%)	(599,965)	(297,016)
Tax effect amounts which are not (deductable)/taxable in calculating taxable income:	1,765	3,923
Deferred tax asset not brought to account	598,200	293,093
Total income tax benefit	-	-
Net unrecognised deferred tax assets		
Net Deductable/(Assessable) temporary differences	(314,709)	(178,495)
Unused tax losses	2,890,633	2,101,863
Net unrecognised deferred tax aset	2,575,924	1,923,368

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The consolidated entity has no franking credits.

7 TRADE & OTHER RECEIVABLES

	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Trade receivables	3,061,113	2,386,669
Interest receivables	3,897	-
	3,065,010	2,386,669
Site conversion receivables (current)	1,554,644	1,311,224
Site conversion receivables (non-current)	3,965,663	3,851,330
	8,585,317	7,549,223

Current trade receivables are interest bearing and are generally receivable within 14 days. A provision for impairment is recognised against sales where there is objective evidence that an individual trade receivable is impaired.

	Gross Amount Amount	Past due & impaired	Past due but not impaired Days (overdue)		
			<30	31-45	>45
2019			$	$	$
Trade receivables	3,081,217	20,104	147,697	9,901	29,459
Interest receivable	3,897	-	-	-	-
Site conversion receivables	5,520,307	-	-	-	-
Total	**8,605,421**	**20,104**	**147,697**	**9,901**	**29,459**
2018					
Trade receivables	2,392,095	5,426	224,605	24,385	83,771
Interest receivable	-	-	-	-	-
Site conversion receivables	5,162,554	-	-	-	-
Total	**7,554,649**	**5,426**	**224,605**	**24,385**	**83,771**

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The >45 day amount is subject to contractual arrangements.

Collateral held as security
No collateral is held as security for any of the trade and other receivable balances.

Collateral pledged
No collateral has been pledged for any of the trade and other receivable balances.

8 OTHER CURRENT ASSETS

	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Bond paid	3,796	2,943
Prepayments	87,089	170,919
Employee Loans	-	3,190
Inventory	246,296	449,062
	337,181	**626,114**

9 PLANT & EQUIPMENT

Plant & equipment at cost	463,001	349,893
Accumulated depreciation	(194,866)	(121,259)
	268,135	**228,634**
Motor vehicles at cost	297,907	174,036
Accumulated depreciation	(117,387)	(80,260)
	180,520	**93,776**
	448,655	**322,410**

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year.

Plant and equipment

Balance at the beginning of the year	228,634	285,897
Additions	117,840	14,170
Depreciation	(73,607)	(68,806)
Disposals	(4,732)	(2,627)
Balance at the end of the year	**268,135**	**228,634**

Motor Vehicles

Balance at the beginning of the year	93,776	165,011
Additions	123,871	-
Depreciation	(37,127)	(35,812)
Disposals	-	(35,423)
Balance at the end of the year	**180,520**	**93,776**

10 LEASEHOLD IMPROVEMENTS

	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Leasehold improvements at cost	507,440	481,708
Accumulated depreciation	(135,069)	(73,783)
	372,371	**407,925**

Reconciliation

Reconciliations of the carrying amount of leasehold improvements between the beginning and the end of the financial year.

Leashold improvements		
Balance at the beginning of the year	407,925	459,050
Additions	25,732	8,304
Depreciation	(61,286)	(59,429)
Balance at the end of the year	**372,371**	**407,925**

11 INTANGIBLES

Intangibles at cost	312,357	319,347
Accumulated amortisation	(150,203)	(100,496)
	162,154	**218,851**

Reconciliation

Reconciliations of the carrying amount of intangibles between the beginning and the end of the financial year.

Intangibles		
Balance at the beginning of the year	218,851	90,300
Additions	49,261	182,187
Amortisation	(76,569)	(53,636)
Write off intangibles	(29,389)	-
Balance at the end of the year	**162,154**	**218,851**

12 BORROWINGS

Current		
Site conversion loans	-	45,524
Insurance financing	-	88,333
Motor vehicle financing	35,784	-
Owing to related parties	-	1,150,000
	35,784	**1,283,857**
Non-current		
Site conversion loans	-	67,220
Motor vehicle financing	55,448	-
Blackrock funding facility	5,127,277	-
	5,182,725	**67,220**

The $30 million Blackrock funding facility was drawn down by $6.1 million as at 30 June 2019. This is presented above net of borrowing costs. The remaining balance of the facility is $23.9 million.

13 ISSUED CAPITAL

(a) Issued and paid up capital	2019 Number	2018 Number
Ordinary shares fully paid no par value	50,210,736	2,510,536,387

(b) Movement in ordinary shares on issue	Number	$
Balance at 30 June 2018	2,510,536,387	39,064,880
Consolidation of Shares (50:1)	(2,460,325,651)	-
Balance at 30 June 2019	**50,210,736**	**39,064,880**

Ordinary shares

Ordinary shares entitle the holder to paricipate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back

There is no current on-market share buy-back.

(c) Share options

At the end end of the period, there were NIL options over unissued shares.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In common with many other newly listed companies, the parent raises finance for the consolidated entity's working capital and asset development activities.

The consolidated entity is not subject to externally imposed capital requirements.

14 RESERVES

Options reserve	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Opening balance	-	125,000
Expired options	-	(125,000)
Closing balance	-	-

The option reserve account is to account for outstanding share options issued as a result of share based payments.

15 EARNINGS PER SHARE

	2019 Number	2018 Restated Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**50,210,736**	**50,210,736***
	$	**$**
Net loss after tax used in calculating basic earnings per share	(2,181,690)	(1,080,057)
Net loss after tax used in calculating diluted earnings per share	(2,181,690)	(1,080,057)
Basic/diluted earnings/(loss) per share (dollars per share)	(0.0435)	(0.0215)

* Due to a share consolidation occurring in the 2019 year, the weighted average number of shares used to calculate earnings per share and diluted earnings per share for 2018 has been restated for comparability purposes. Refer to Note 13 for movement in shares due to consolidation.

16 CONTROLLED ENTITIES

Investment in controlled entities	Country of incorporation	Class of shares	% of ownership 2019	% of ownership 2018
Locality Planning Energy Pty Ltd	Australia	Ord	100%	100%
Locality Embedded Networks Pty Ltd	Australia	Ord	100%	100%
LPE Infrastructure Pty Ltd	Australia	Ord	100%	-

17 LEASE COMMITMENTS

Total operating lease payments	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Within 1 year	176,445	200,680
1 to 5 years	123,457	299,902
Total	**299,902**	**500,582**
Total finance lease payments		
Within 1 year	39,188	58,930
1 to 5 years	57,491	70,031
Total	96,679	128,961
Less future interest charges	(5,447)	(16,217)
Total	**91,232**	**112,744**
Reconciliation to lease liabilities		
Current - Note 12	35,784	45,524
Non-current - Note 12	55,448	67,220
Total	**91,232**	**112,744**

18 CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements (2018: nil).

19 RELATED PARTIES

Key management personnel compensation	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Short term employee benefits	961,894	919,417
Post-employment benefits	62,917	55,979
Long-term benefits	11,160	3,320
	1,035,971	**978,716**

Other related party transactions

Directors loans to the Group were repaid during the year, with a total balance at 30 June 2019 of $0 as disclosed at note 12 (2018: $1,150,000). Interest paid on Directors loans during the year were at a rate of 12% per annum, totalling $61,733 (2018: $138,000). Directors loans were entered into on an arms length basis.

20 CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit / (loss) after tax	Consolidated Entity 2019 $	Consolidated Entity 2018 Restated $
Profit / (loss) after tax	(2,181,690)	(1,080,057)
Non-cash flows:		
Depreciation and amortisation	248,589	219,683
Loss on disposal of assets	29,771	5,768
Non-cash donation	-	363
Unrealised (gain) / loss on derivatives	(42,945)	-
Expenditure classified as financing activities	45,568	57,297
	(1,900,707)	**(796,945)**
Changes in operating assets and liabilities		
Decrease / (increase) in receivables	(1,036,094)	(2,453,117)
Decrease / (increase) in other assets	288,933	42,010
(Decrease) / increase in creditors and payables	990,214	735,892
Increase in employee entitilements	89,853	43,982
Net cash used in operating activities	**(1,567,801)**	**(2,428,178)**
Reconciliation of liabilities arising from financing activities		
Borrowings	1,351,077	1,304,201
Cashflows	3,824,993	46,876
Non-cash changes	42,439	-
	5,218,509	**1,351,077**
Cash and cash equivalents in the Consolidated Statement of Cash Flows include:		
Cash at bank	2,856,072	1,344,363
Cash on deposit	450,000	20,000
	3,306,072	**1,364,363**

21 FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The financial risks of the Consolidated Entity include price risk, interest rate risk, liquidity risk and credit risk. The consolidated entity does not hedge these risk exposures. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Price risk

Price risk is the risk of changes to market prices in the supply of electricity. This risk applies to both the price at which the Company sells electricity to its customers and the price it pays for that electricity. The Company manages this risk by signing up customers and suppliers to long-term contracts where possible.

Interest rate risk

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market forces.

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents held to maturity investments, and borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Consolidated Entity's profit or loss before taxes through the impact on cash and cash equivalents, and borrowings with a decrease or an increase of 0.25% in interest rates.

It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates.

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Cash and cash equivalents and other financial assets	3,306,072	1,364,363
Borrowings	(5,218,509)	(1,351,078)
	(1,912,437)	**13,285**
Sensitivity		
Effect on profit or loss before taxes		
Increase 0.25%	(4,781)	33
Decrease 0.25%	4,781	(33)

21 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances.

At 30 June 2019 current assets exceed current liabilities by $4,709,539 (2018: current assets exceeded current liabilities by $1,901,643). Financial liabilities comprised trade payables, accruals and other payables. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity partially reduces credit risk by the use of direct debit facilities with its customers. In addition, the Company has the right to withhold the supply of electricity to secure payment. All cash & cash equivalents are held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the Consolidated Statement of Financial Position.

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, trade and other payables, employee entitlements, derivatives and loans approximate their fair value.

22 AUDITORS REMUNERATION

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Amounts paid/payable for audit or review of the financial statements	90,000	75,000
Amounts paid/payable for tax and other services	4,556	4,650
	94,556	**79,650**

23 SUBSEQUENT EVENTS

There have been no other maters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the Consolidated Entity, the result of those operations or the state of affairs of the Consolidated Entity in future financial years.

24 PARENT ENTITY DISCLOSURES

	2019 $	2018 $
The following information has been extracted from the books and records of the legal parent entity Locality Planning Energy Holdings Limited.		
Results of parent entity		
Profit/(loss) for the year	(1,270,399)	(697,587)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) before tax	(1,270,399)	(697,587)
Income tax benefit	-	-
Total comprehensive income before tax	**(1,270,399)**	**(697,587)**
Financial position of parent entity at year end		
Current Assets	14,884,735	12,093,798
Total Assets	14,884,735	12,093,798
Current Liabilities	141,354	1,207,295
Non Current Liabilities	5,127,277	-
Total Liabilities	5,268,631	1,207,295
Net Assets	**9,616,104**	**10,886,503**
Total equity of the parent entity comprising:		
Issued capital	39,064,880	39,064,880
Accumulated losses	(29,448,776)	(28,178,377)
Total equity	**9,616,104**	**10,886,503**

Contingent liabilities

As at 30 June 2019, Locality Planning Energy Holdings Ltd is not aware of any contingent liabilities.

Contractual commitments

At 30 June 2019, contractual commitments entered into by Locality Planning Energy Holdings Ltd is $Nil (2018: $Nil).

Guarantees

Locality Planning Energy Holdings Ltd has not entered into any guarantees, in the current or previous financial years, in relation to debts of its subsidiaries.

25 CHANGES IN ACCOUNTING POLICIES

(a) Revenue

The Group applied AASB 15 Revenue from Contracts with Customers for the first time during the year.

The Group determined that the revenue recognition in respect of the supply of electricity had not changed due to the new Standard, and this will continue to be recognised over time in line with consumption.

For the supply of embedded network infrastructure, it was determined that there was a significant change to how the revenue was calculated as a result of applying AASB 15. Previously the revenue associated with the supply of the embedded network infrastructure was recognised over the life of the associated electricity supply contract. Costs to supply the embedded network infrastructure ("site conversion costs") were capitalised within intangible assets, and amortised over the life of the contract with the customer.

Under AASB 15, it was determined that the performance obligation was satisfied once the infrastructure was installed on the customer's premises, and revenue recognised at this stage. As some of the contracts allow the customer to pay over 5 to 10 years, these contracts contain a significant financing component. The Group therefore discounts the consideration receivable to present value at the time of installation and recognises this as revenue, with the consideration remaining recognised as "site conversion receivables" in the Statement of Financial Position. These 'site conversion receivables' are adjusted each year to unwind the discount and recognise the interest revenue in respect of the financing component.

As the revenue is now recognised upon installation of the embedded network infrastructure, the cost associated with this should be recognised at the same time. For this reason, the Group has determined it is no longer appropriate to recognise the costs within intangible assets, and these are now expensed when the revenue is recognised. For costs incurred on site conversions where the embedded network has not yet been installed, and therefore no revenue yet recognised, the costs are capitalised within the inventory balance contained within 'Other Assets' in the Statement of Financial Position.

The Group has adopted the full retrospective approach in adopting AASB 15, and has therefore restated all comparative information as if the accounting policy had always been in place. The impact of this on both the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position is presented below.

(b) Software

The Group previously capitalised software and included this under 'Plant and Equipment' in the Statement of Financial Position. Given the nature of software, it was deemed more appropriate for this to be classified as an intangible asset. This asset was reclassified from plant and equipment to intangible assets.

This adjustment has been applied retrospectively, and comparative information adjusted.

25 CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) Adjustments for Changes in Accounting Policies

The below shows a reconciliation from previously reported figures to the adjusted figures now presented as comparative information in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position:

Statement of Profit or Loss and Other Comprehensive Income

	2018 Previously Reported $	Adjustments for Revenue $	2018 Restated $
Revenue			
Electricity sales	**20,153,430**	**1,195,265**	**21,348,695**
Less cost of goods sold			
Energy usage charges	(7,499,849)		(7,499,849)
Network charges	(5,773,809)		(5,773,809)
Other COGS	(1,935,702)	(2,273,476)	(4,209,178)
Total cost of goods sold	**(15,209,360)**		**(17,482,836)**
Gain from trading	**4,944,070**		**3,865,859**
Other Income			
Interest received	8,553	743,325	751,878
Other receipts	18,919		18,919
Other expenses			
Bad and doubtful debts	(121,964)		(121,964)
Interest expense	(156,048)		(156,048)
Depreciation and amortisation	(905,818)	686,135	(219,683)
Employee costs	(3,038,296)		(3,038,296)
Gain/(loss) on disposal of assets	(5,768)		(5,768)
Other expenses	(1,366,909)		(1,366,909)
Professional costs	(808,045)		(808,045)
Share-based payments	-		-
Loss from continuted operation	**(1,431,303)**		**(1,080,057)**
Loss before income taxes	**(1,431,303)**		**(1,080,057)**
Income tax benefit/(expense)	-		-
Net loss for the period	**(1,431,303)**		**(1,080,057)**
Other comprehensive income	-		-
Other comprehensive income net of tax	-		-
Total comprehensive loss for the year	**(1,431,303)**		**(1,080,057)**

Statement of Financial Position

	2017 Previously Reported $	Adjustments for Revenue $	Adjustments for Software $	2017 Restated $
Current assets				
Cash and cash equivalents	3,977,705			3,977,705
Trade and other receivables	1,872,142			1,872,142
Receivables - site conversions	-	757,602		757,602
Other current assets	91,862	576,262		668,124
Total current assets	**5,941,709**	**1,333,864**	**-**	**7,275,573**
Non-current assets				
Receivables - site conversions	-	2,466,362		2,466,362
Plant and equipment	528,777		(77,869)	450,908
Leasehold improvements	459,050			459,050
Intangibles	3,576,211	(3,563,780)	77,869	90,300
Total non-current assets	**4,564,038**	**(1,097,418)**	**-**	**3,466,620**
TOTAL ASSETS	**10,505,747**	**236,446**	**-**	**10,742,193**
Equity				
Issued capital	39,064,880			39,064,880
Reserves	125,000			125,000
Accumulated losses	(31,733,100)	236,446		(31,496,653)
Total equity	**7,456,780**	**236,446**	**-**	**7,693,227**

	2018 Previously Reported $	Adjustments for Revenue $	Adjustments for Software $	2018 Restated $
Current assets				
Cash and cash equivalents	1,364,363			1,364,363
Trade and other receivables	2,386,669			2,386,669
Receivables - site conversions	-	1,311,224		1,311,224
Other current assets	180,390	445,724		626,114
Total current assets	**3,931,422**	**1,756,948**	**-**	**5,688,370**
Non-current assets				
Receivables - site conversions	-	3,851,330		3,851,330
Plant and equipment	534,396		(211,986)	322,410
Leasehold improvements	407,925			407,925
Intangibles	5,027,448	(5,020,583)	211,986	218,851
Total non-current assets	**5,969,769**	**(1,169,253)**	**-**	**4,800,516**
TOTAL ASSETS	**9,901,191**	**587,695**	**-**	**10,488,886**
Equity				
Issued capital	39,064,880			39,064,880
Reserves	-			-
Accumulated losses	(33,039,402)	587,695		(32,451,710)
Total equity	**6,025,477**	**587,695**	**-**	**6,613,170**

DIRECTORS' DECLARATION

The Directors of the Company declare that:

The attached financial statements and notes are in accordance with the Corporations Act 2001, including:

(a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) giving a true and fair view of the financial position as at 30 June 2019 and performance for the year ended on that date of the consolidated entity.

The financial statements also comply with International Financial Reporting Standards as disclosed in note 2.

The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.

The Chief Executive Officer and Chief Financial Officer have declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

(b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and

(c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

ANDREW PIERCE
Director
Dated: 04 September 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Locality Planning Energy Holdings Limited (the Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2(D) in the financial report, which indicates that the Group incurred a net loss of $2,181,690 and a net cash outflow from operating activities of $1,567,801 during the year ended 30 June 2019. These conditions, along with other matters as set forth in Note 2(D), indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Key Audit Matter	How our audit addressed the key audit matter
1. Recognition and Recording Revenue	
We focused on this area as a key audit matter due to: • The strong growth in sales in recent years resulting in the need for substantially increased human and information technology capabilities and resources to ensure accurate recording. • The estimation and complexity required in determining the amount and timing of accrued but unbilled revenue. • The estimation involved in determining the financing component of the embedded network revenue. • The complexity of the new billing system used by the organization.	**Our procedures included, amongst others:** • Testing key controls within the sales and accounts receivable process to ensure completeness and accuracy of sales invoices recorded in the ledger. • Analytical procedures to identify unusual transactions or trends in sales data that may be indicative of material misstatement. • Cut-off procedures to ensure that only sales related to the 2018-2019 financial year are recorded in these financial statements. • Detailed recalculation of accrued and unbilled revenue. • Reviewing the reasonableness of the financing component allocated by management to the embedded network revenue. • Challenging managements' assumptions and estimates in relation to key inputs used in the calculation of unbilled revenue accruals and collectability of sales. These estimates are summarised in Note 2(C) to the financial statements.
2. Existence and Valuation of Site Conversion Receivables	
We focused on this area as a key audit matter due to: • The site conversion receivables balance contributing towards a significant portion of total assets as at 30 June 2019. • Given the long-term nature of these receivables, subject to a higher risk of impairment.	**Our procedures included, amongst others:** • Testing contracts of new embedded network customers during the 2018-2019 financial year to ensure the site conversion receivable balance recognised is appropriately valued and free from material misstatement. • Testing costs incurred to complete site conversion works on new embedded network customer premises, to ensure contracted receivables are not overstated or deemed uncollectable from date of recognition. • Confirming new 2018-2019 embedded network customer accounts are live and receiving energy during the period, to ensure existence of the new customers, existence of the site conversion works completed, and consequently existence of the site conversion receivables recognised in 2018-2019. • Reviewing pre-existing embedded network customer accounts to ensure the customers continue to remain live, and that the corresponding site conversion receivable continues to be collectable.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOCALITY PLANNING ENERGY HOLDINGS LIMITED

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Locality Planning Energy Holdings Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director

Brisbane
04 September 2019

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