

Environmental Clean Technologies Limited
ASX Half Year report - 31 December 2007

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Environmental Clean Technologies Limited
Year ended 31 December 2007

Results for Announcement to the Market

		%		\$
Revenue from ordinary activities	Down	38.30	to	58,206
Profit/ (loss) from ordinary activities after tax attributable to members	Up	69.25	to	(1,978,803)
Net profit/ (loss) for the period attributable to members	Up	69.25	to	(1,978,803)

Dividends/distributions	Amount per security	Franked amount per security
Interim dividend (31 December 2006)	-	-
Final dividend (30 June 2007)	-	-
Interim dividend (31 December 2007)	-	-

Record date for determining entitlements to the dividend

Periods

Current Period - Six months ended 31 December 2007.

Previous Corresponding Period - Six months ended 31 December 2006.

Report of Directors on Financial Results

The net result of operations after applicable income tax expense was a loss of \$1,978,803 (2006:\$1,169,133).

Managing Director's Report

It is now ten months since I accepted the position of Managing Director. I was appointed by the ECT Board specifically to prepare the company for its next stage of development; the successful commercialisation of the technologies.

My acceptance of the position was subject to a number of conditions, primarily the appointment of a very experienced person to prepare and implement a professional plan for the company's successful commercialisation.

Following a search, Mr Kos Galtos was appointed to the position of Commercial Development Manager. Prior to his appointment to ECT, Kos Galtos had spent twelve years in London in the employ of international companies, nine of those years with Siemens in senior positions.

Some of my other conditions included the relocation of the company's head office to Melbourne and the updating of all Corporate Governance, accounting and general administration matters.

Our milestones:

1. The Coldry technology was completed and commercially tested by an independent operator at our Bacchus Marsh Pilot Plant.
2. The Commercialisation plan has been completed and approved by the Board.
3. The company is now scaling up the plant designs through a world wide engineering company.
4. Discussions are in progress with a number of Australian and overseas companies regarding their interest in the use of the Coldry technology.
5. Identification that the Coldry technology can also be used for the dewatering of some Inner Mongolian sub-bituminous coals.
6. Advanced planning and preparation for the establishment of the first commercial plant for the processing of Coldry.
7. In the administration area we have:
 - a) Transferred the company's head office to Melbourne
 - b) Appointed Ms Jan Macpherson as the Company Secretary
 - c) Appointed RSM Bird Cameron as the company accountants
 - d) Arranged funding by way of a capital raising
 - e) Put in place an equity line of credit with Fortrend
 - f) Formalised in accordance with best practice principles:
 - The company accounting process
 - An up to date options register
 - Note Holder Register
 - Related Party Transaction Register
 - Contracts Register
 - Intellectual Property Register
 - Format for issue of Board Papers

Appendix 4D
Half Year report
Period ending 31 December 2007

- Minute Book
- Record of all ASX releases
- Appropriate Directors and Officers' Insurance
- Suite of Governance Policies that have been adopted by the Board and uploaded to ECT website
- Legal Precedents

g) The Board:

- As previously reported, Mr John McMullan resigned from the Board in November 2007 and the Chairman of Board, Mr Murray d'Almeida, informed the Board and the AGM that he would vacate his position on the Board as soon as an appropriate replacement could be found. The Board of ECT commenced a search for appropriately qualified, highly respected, totally independent, experienced public company directors, who would be able to guide ECT in its next and most important stage, that of becoming an income earning company.

The search has identified a number of excellent candidates. The Board requested the Company Secretary to establish a 'due diligence' process for potential Directors (after an NDA has been executed) to view all relevant documentation that would be made available under her supervision.

The Board made a conscious decision that the quality of the directors would be paramount rather than the expeditious appointment of Directors. Your directors are now in the final stages of their search for the right people to steer ECT to profitability. Appropriate announcements will be made in due course.

h) Shareholder liaison:

- All telephone and email shareholder contacts are dealt with as expeditiously as possible 7 days a week even though we are operating the company with minimum staff.
- The ASX is advised on a continuous disclosure basis.

i) Managing Director's contract:

- My contract with the ECT expires in May. I have requested the Board to make timely succession arrangements so that incoming management can be properly briefed.
- I have, in answer to questions, informed the Board that, if needed, I would be happy to continue to serve as Managing Director for the balance of the financial year, but I have commitments that prevent me from continuing in the same capacity past that time.

This company is not yet a revenue producer and, until such time as revenue is produced it will continue to rely on capital raisings and borrowings. The Board and I have achieved considerable reduction in the cost of operations, however scaling up of the Coldry plant and the work that is necessary to complete the commissioning of the Matmor technology, will continue to require financial input.

Appendix 4D
Half Year report
Period ending 31 December 2007

Environmental Clean Technologies Limited
Income Statement
For the period ended 31 December 2007

	2007	2006
	\$	\$
Revenue from ordinary activities	58,206	94,332
Other Revenue	<u>351,527</u>	<u>-</u>
	409,733	94,332
Raw materials and consumables used	678,445	451,384
Employee benefits expense	485,619	85,872
Depreciation and amortisation expense	105,483	1,488
Travel	53,073	29,418
Rent	59,823	59,774
Corporate Costs	143,922	259,098
Consultants	501,667	123,826
Insurance	29,468	78,923
Interest	166,180	-
Patent Fees	7,323	28,901
Other expenses from ordinary activities	<u>157,532</u>	<u>143,781</u>
Profit from ordinary activities before income tax expense	<u>(1,978,803)</u>	<u>(1,169,133)</u>
Income tax expense	<u>-</u>	<u>-</u>
Net profit attributable to members of Environmental Clean Technologies Limited	<u>(1,978,803)</u>	<u>(1,169,133)</u>
	Cents	Cents
Basic earnings per share	(0.71)	(0.48)
Diluted earnings per share	(0.71)	(0.48)

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Environmental Clean Technologies Limited
 Balance Sheet
 as at 31 December 2007

	31 Dec 2007	30 June 2007
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	392,301	44,769
Receivables	183,202	127,459
Other	-	-
TOTAL CURRENT ASSETS	<u>575,503</u>	<u>172,228</u>
NON CURRENT ASSETS		
Property, plant and equipment	<u>542,440</u>	<u>644,492</u>
TOTAL NON CURRENT ASSETS	<u>542,440</u>	<u>644,492</u>
TOTAL ASSETS	<u>1,117,943</u>	<u>816,720</u>
CURRENT LIABILITIES		
Trade and Other Payables	421,450	965,230
Borrowings	-	778,000
TOTAL CURRENT LIABILITIES	<u>421,450</u>	<u>1,743,230</u>
NON CURRENT LIABILITIES		
Borrowings	<u>1,324,122</u>	<u>1,233,054</u>
TOTAL NON CURRENT LIABILITIES	<u>1,324,122</u>	<u>1,233,054</u>
TOTAL LIABILITIES	<u>1,745,572</u>	<u>2,976,284</u>
NET ASSETS	<u>(627,629)</u>	<u>(2,159,564)</u>
EQUITY		
Issued Capital	27,538,038	24,411,300
Reserves	1,343,849	779,849
Retained profits(losses)	<u>(29,329,516)</u>	<u>(27,350,713)</u>
TOTAL EQUITY	<u>(627,629)</u>	<u>(2,159,564)</u>

Environmental Clean Technologies Limited
 Statement of cash flows
 For the period ended 31 December 2007

	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	<u>(2,176,242)</u>	<u>(702,422)</u>
	(2,176,242)	(702,422)
Miscellaneous income and cash received	20,000	88,715
Interest received	7,050	2,210
Interest and other costs of finance paid	(75,112)	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(2,224,304)</u>	<u>(611,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(3,431)	(161,933)
Proceeds from sale of property, plant and equipment	-	-
Payments for research and development costs	<u>-</u>	<u>-</u>
	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(3,431)</u>	<u>(161,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of borrowings)	(426,472)	300,000
Receipts from issue of equity	3,001,739	296,500
	<u>-</u>	<u>-</u>
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	<u>2,575,267</u>	<u>596,500</u>
NET (DECREASE) INCREASE IN CASH HELD	347,532	(176,930)
Cash at the beginning of the financial year	<u>44,769</u>	<u>217,289</u>
	392,301	40,539
CASH AT THE END OF THE FINANCIAL YEAR	<u>392,301</u>	<u>40,539</u>

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Changes in accounting policies

NIL

Fundamental errors

NIL

Extraordinary items

NIL

Segment note

NIL

Discontinuing operations

NIL

Events occurring after reporting date

NIL

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Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2006 are as follows:

No dividends were declared by the directors for the period ended 31 December 2007

Dividend/distribution reinvestment plans

Not Applicable

Retained Earnings

	31 Dec 2007
	\$
Retained earnings at the beginning of the period	(27,350,713)
Net profit attributable to members of ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED	(1,978,803)
Dividends paid	-
Retained profits at the end of the period	<u>(29,329,516)</u>

NTA Backing

	2007	2006
Net tangible asset backing per ordinary share	(0.38) cents	(0.33) cents

Controlled entities acquired or disposed of

Not applicable

Associates and Joint Venture entities

Not applicable

Foreign Accounting standards

Not applicable

Audit

This report is based on the half year financial report which has been subject to an independent review report.

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