ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

FULL YEAR RESULT FOR YEAR ENDED 30 JUNE 2012

Friday, 31 August 2012: Environmental Clean Technologies Limited (ASX:ESI) attaches the company's Financial Report for the year ended 30 June 2012.

For Further Information Contact:

Mike Davies – Managing Director +61 3 9684 0888 or info@ectltd.com.au

About ECT

ECT is in the business of commercialising leading-edge coal and iron making technologies which are capable of delivering financial and environmental benefits.

We are focused on advancing a portfolio of technologies , which have significant market potential globally.

ECT's business plan is to pragmatically commercialise these technologies and secure sustainable, profitable income streams through licencing and other commercial mechanisms.

About Coldry

When applied to lignite and some sub-bituminous coals, the relatively simple Coldry beneficiation process produces a black coal equivalent (BCE) in the form of pellets. Coldry pellets have equal or superior energy value to many black coals and produce lower CO2 emissions than raw lignite.

About MATMOR

The MATMOR process has the potential to revolutionise primary iron making.

MATMOR is a simple, low cost, low emission, production technology, utilising the patented MATMOR retort, which enables the use of cheaper feedstocks to produce primary iron.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Appendix 4E

Lodged with the ASX under Listing Rule 4.3

Year Ended 30 June 2012

(Previous corresponding period: Year ended 30 June 2011)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED (ASX CODE: ESI)

Friday, 31 August 2012: Environmental Clean Technologies Limited (ASX:ESI) is pleased to provide the Company's audited final results for the year ended 30 June 2012.

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Revenue from ordinary activities	UP	150%	TO	686,266
Loss from ordinary activities after tax	UP	78%	TO	5,549,700
Loss for the period attributable to members	UP	78%	TO	5,549,700

Explanation of Results
The net loss for the consolidated group after income tax attributable to entity holders of the parent entity was $5,549,700 (2011: $3,121,709). Revenue increased following the receipt a substantially increased R&D tax rebate in line with the increased expenditure on the commercialisation of the Coldry and Matmor technologies. The 2012 comparative period net loss was significantly impacted by costs associated with the Design for Tender programme, increased plant operating costs associated with process testing in association with Arup and an increase in employment costs associated with a higher personnel headcount than the previous year.

Dividends
No payments made or declared for the year ended 30 June 2012.

Financial Statements
Refer to the attached Financial Report for the year ended 30 June 2012.

NTA Backing	**2012**	**2011**
Net tangible assets per share	(0.04) cents	(0.04) cents

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Controlled entities acquired or disposed of
None

Associates and joint venture entities
Refer Note 21 of attached Financial Report

Audit
The audit report is contained in the attached Financial Report for the year ended 30 June 2012.

Other information required by Listing Rule 4.3A
The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained below, in the Director's Report, Financial Report and ASX announcement.

Annual General Meeting
It is planned to hold the 2012 Annual General Meeting on Friday, 16 November 2012.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Financial Report

As at 30 June 2012

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Contents

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Company Details

Directors

Michael Davies	Managing Director, Executive Chairman (appointed 5 July 2011)
Stephen Carter	Non-executive Director
Iain McEwin	Non-executive Director (appointed 11 July 2011)
Ashley Moore	Executive Director (appointed 17 August 2011)

Secretary

John Osborne

Chief Operating Officer

Ashley Moore (appointed 17 August 2011)

Principal Registered Office in Australia

Level 7
530 Little Collins St
Melbourne Vic 3000

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross Perth 6153

Auditors

BDO East Coast Partnership
Level 14
140 William Street
Melbourne Victoria 3000

Bankers

National Australia Bank Limited
3/330 Collins Street
Melbourne Victoria 3000

Securities Exchange

Australian Securities Exchange,
Rialto South Tower,
525 Collins Street
Melbourne Victoria 3000

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Corporate Governance Statement

The Environmental Clean Technologies Limited (ECT) Board is committed to protecting shareholders' interests and keeping investors fully informed about the performance of the Company's businesses. The Directors have undertaken to perform their duties with honesty, integrity, care and diligence, according to the law and in a manner that reflects the highest standards of governance. The Company's corporate governance benchmark and that of the Board is the ASX Corporate Governance Council's 'Revised Principles of Good Corporate Governance and Recommendations' ("ASX Corporate Governance Guidelines") and the Company's conformity or otherwise is reported in the following Corporate Governance Statement and, where appropriate, elsewhere in the Company's report. Further information regarding our corporate governance and Board practices can be found at the Company's website, www.ectltd.com.au.

The Board of ECT provides strategic direction, guidance and oversight of management; facilitates accountability to the Company's shareholders through defined roles and responsibilities for the Board and executive management; and ensures that there is a balance of power and appropriate authorisations to avoid any individual having sole authority. The specific responsibilities of the Board are as follows.

- appointment of the Managing Director or Chief Executive;
- assessment of ECT's management performance, measured against clearly identified objectives;
- preservation of the integrity and credibility of ECT's businesses;
- prudent management of shareholders' funds;
- evaluation of opportunities for value-creating growth;
- involvement in the planning and review of the Company's strategic direction;
- approval of short and long term business plans;
- ensuring that there are effective environmental, health and safety procedures in place; and
- approval of accounts.

The Board delegates many of its responsibilities to the Managing Director (Chief Executive) who is responsible to the Board for the day-to-day management of the Company. The relationship between the Board and management is a partnership that is crucial to the Company's long-term success. The separation of responsibilities between the Board and management is clearly understood and respected. Importantly for ensuring the integrity of the accounts the Managing Director provides a management representation letter to the Board for the financial statements that certifies that the Company's financial reports present a true and fair view of the results and the financial position of the Company and are in accordance with relevant accounting standards.

The following statement outlines the principal corporate governance practices followed throughout the financial year.

Shareholders

The shareholders of the Company elect Directors at the Annual General Meeting in accordance with the Constitution. All Directors are subject to re-election by rotation within three years, other than the Managing Director.

The Annual General meetings are held in Melbourne. Shareholders have the opportunity to express their views, ask questions about Company business and vote on other items of business for resolution by shareholders at the Annual General Meeting. It is proposed to hold the 2012 Annual General Meeting on Friday, 16th November 2012. The time and venue is to be advised with the Notice of Annual General Meeting. At the 2012 AGM Messrs Carter and Moore will be required to be elected by shareholders pursuant to the Company's Constitution.

Communication with Shareholders

ECT is committed to complying with the continuous disclosure obligations of the Corporations Act and the Australian Securities Exchange Listing Rules. The Board recognises the significance of relevant and timely disclosure and has developed a Continuous Disclosure Policy that is available from the Governance section of the Company's website at www.ectltd.com.au.

ECT keeps the market informed through the annual report, half yearly report, and periodic update reports and by disclosing material developments to the Australian Securities Exchange (ASX) and the media as they occur. From time to time, briefings and site visits are arranged to give those who advise shareholders and interested stakeholders a better understanding of the Company's operating facilities. In conducting briefings, ECT takes care to ensure that any price sensitive information released is made available to all shareholders and the market at the same time. These announcements are lodged with the ASX and then posted on the Company's website at www.ectltd.com.au.

Composition of the Board

The composition of the ECT Board underwent a major process of renewal in July 2011 when three Directors resigned and three new Directors were appointed. The Board is structured to deliver tangible results in the commercialisation of the Coldry and Matmor technologies. The Directors review the Board's performance and structure on an annual basis to ensure that the Board has the appropriate mix of expertise and experience, albeit the Company will continue to appoint an additional Non-executive Director to round out the mix of expertise of the Directors. A search process was commenced in 2011 but held in abeyance pending completion of the Company's major capital raising initiatives.

As at 30 June 2012 the Board comprised a Managing Director / Executive Chairman, two Independent Non-executive Directors and the Chief Operating Officer who is also an Executive Director of the Company. The Independent Directors have no relationship with management or the Company that would interfere with the exercise of their independent judgment and are free from any interest or other relationship, which could materially interfere with their ability to act in the best interests of the Company. The two Independent Non-executive Directors have provided consulting services to the Company to assist in the capital raising activities, but these services are quite separate from their role as directors and not seen by the Board as compromising their independence. At the present stage of the Company's development it is considered appropriate to have a Board that is hands on and integrally involved in the operations of the Company. As a result the Company does not conform to the ASX Corporate Governance Guidelines that the role of Chief Executive and Chairman be separate, or that there be a majority of independent directors on the Board.

The Board as currently constituted has the range of skills, knowledge and experience necessary to govern the Company and understand the economic sectors in which the Company operates, but as noted above the Company is searching for a Non-executive Director to round out the mix of expertise of the Directors.

Board Committees

To assist in the execution of its responsibilities, the Board has four committees comprised of solely of Directors. All of the current Directors are members of each committee other than the Remuneration & Nominations Committee, which comprises solely the two non-executive directors, and the Audit & Risk Committee that comprises the Non-executive directors and the Managing Director. It is planned that when a new Non-executive Director is appointed the Audit & Risk Committee will similarly comprise solely of Non-executive Directors. The Company Secretary provides secretariat services for each of the Committees and the Board.

Audit and Risk Committee

Independent director Stephen Carter currently chairs the Audit and Risk Committee with Iain McEwin and Mike Davies serving as members. The Managing Director being a member of this committee is not in conformity with the ASX Corporate Governance Recommendations and Guidelines however as an interim arrangement it is considered appropriate that Mr Davies expertise be drawn upon in the deliberations of this Committee. There is no CFO but an internal accountant who with the assistance of the Managing Director is responsible for the preparation of financial reporting packages for the Board. External accounting firm, RSM Bird Cameron is called upon to provide services as and when required. The committee meets with the Company's auditors, BDO, who attends meetings on at least a bi-annual basis prior to finalising half year and year-end financial statements.

The charter of the Audit and Risk Committee is shown in the Corporate Governance Policy and its responsibilities include assisting the Board to fulfil its fiduciary responsibilities by:

- considering the effectiveness of the accounting and internal control systems and management reporting, which are designed to safeguard company assets;
- serving as an independent and objective party to review the financial information;
- reviewing the accounting policies adopted within the Group;
- reviewing the quality of the external audit function; and
- establishing and maintaining a risk identification process, effective risk management and reporting.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is currently chaired by Iain McEwin with independent director Stephen Carter serving as the other member. This committee has the responsibility of advising the full Board on matters pertaining to executive remuneration and incentive programs and overseeing Board performance, considering the on-going requirements of the Board and the appointment of new directors if considered appropriate.

Strategic Planning Committee

The Strategic Planning Committee is currently chaired by the Managing Director, Mike Davies and all the other directors serving as members. This committee has the responsibility for the development and maintenance of the Company's strategic plan.

Capital Raising Committee

The Capital Raising Committee is chaired by Stephen Carter and all the other directors serving as members. The Committee was formed to consider various funding options available to the Company to finance the development and commercialisation of the Coldry and Matmor technologies and meet ongoing working capital requirements.

Independent Professional Advice

All Directors have the right of access to relevant Company information and the Company's executives, subject to prior consultation with the Chairman, may, at the Company's expense, seek independent professional advice regarding their responsibilities. During the year the Board did avail itself of external legal advice.

Internal Controls and Management of Risks

The management of risk is important in the creation of shareholder value and is a priority for the Board and management. The Company has a framework in place to safeguard the Company's assets and interests and ensure that business risks are identified and properly managed. This includes procedures and limits to manage financial risk associated with exposures to foreign currencies and financial instruments. To assist in discharging this responsibility the Board has in place a control framework, which includes the following:

- an annual business plan, approved by the Directors, incorporating financial and non-financial key performance indicators;
- regular reporting to the Board on a number of key areas including safety, health, insurance and legal matters;
- adoption of clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested; and
- a comprehensive insurance program, including risk assessment analysis and plans to mitigate identifiable or foreseeable risks.

Ethical Standards

The Company has established procedures and guidelines to ensure that the highest ethical standards, corporate behaviour and accountability are maintained. The Board has a Code of Conduct for Directors, which establishes guidelines for their conduct in matters such as ethical standards and conflicts of interests.

The Code is based on that developed by the Australian Institute of Company Directors and is published in the Governance section of the Environmental Clean Technologies Limited website at www.ectltd.com.au.

The Directors note the new ASX Corporate Governance Council Recommendation for companies is to establish a policy concerning diversity. The Company does not comply with this recommendation nor does it expect to in the near term. The establishment of policies regarding the structure and make-up of the Company's workforce prior to establishing the commerciality of the Company's technology is considered by the Directors to be premature.

Directors' Share Dealings

The Company has a Securities Trading Policy, which establishes rules for Directors and senior management in dealing in the Company's securities consistent with the requirements of the ASX Listing Rules and Guidance Notes.

The Directors' Securities Trading Policy includes the following:

- Directors must consult with the Chairman of the Board before dealing in shares or other securities of the Company
- dealings (whether purchases or sales) in the Company's shares or other securities by related persons may not be carried out other than the period commencing two days and ending 30 days following the date of announcement of the Company's annual or half yearly results or a major announcement leading, in the opinion of the Board, to a fully informed market.
- A copy of the Environmental Clean Technologies Limited Securities Trading Policy is available from the Governance section of the Company's website at www.ectltd.com.au.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Directors' Report

The Directors submit their report on the consolidated entity consisting of Environmental Clean Technologies Limited (the Company) and the entities it controlled for the year ended 30 June 2012. Environmental Clean Technologies Limited and its controlled entities together are referred to as Environmental Clean Technologies or the consolidated entity or ECT in this Financial Report.

Directors

Unless indicated otherwise, the following persons were Directors of Environmental Clean Technologies Limited during the whole or part of the financial year and until the date of this report:

- Mr Michael Davies - Diploma Civil Engineering, Graduate of Macquarie University Advanced Management Program - Appointed Non-executive Director 5th July 2011 then subsequently became Managing Director / Executive Chairman 17th August 2011
- Mr Stephen Carter, MBA, Dip Co. Dir., Dip App. Sc.-, Appointed Non-executive Director 8 May 2009.
- Mr Iain McEwin - Appointed Non-executive Director 11th July 2011
- Mr Ashley Moore - BEng(Chem), MIEAust, CPEng, MAICD, Chief Operating Officer, Executive Director from 17 August 2011
- Mr Dave Woodall – MBA, Dip Mech Eng, FAICD, FAIM - Non Executive Chairman – Resigned 8th July 2011
- Mr John Hutchinson OAM, RFD, ED, FIEAust, CPEng - Non-executive Director, Deputy Chairman – Resigned 5th July 2011
- Dr Dennis Brockenshire, OAM PhD Tech, MBA, BComm, Dip Elec. Eng., Dip Mech. Eng. FAICD, FIE (Aust), Non-executive Director – Resigned 4th July 2011

Company Secretary

- Mr John Osborne BSc, FRMIT (Management), DipAppCorpGov, ACIS, FFTA. (Appointed 1 August 2009)

Principal Activities

Coldry Process

The Coldry process is ECT's first technology proven to be commercially viable as an economic method of dewatering brown coal to produce a black coal equivalent.

Once applied, the mechanically simple Coldry process produces pellets that are stable, easily stored, can be transported and are of equal or higher energy value than black coal. Essentially, Coldry works by initiating a chemical reaction to expel water from lignite and sub-bituminous coals. The following process is applied:

- Screening and adding a small quantity of water to the raw coal
- Initiating an exothermic chemical reaction to expel water through attritioning and extrusion of a plasticized mixture
- Warm air toughening of the extruded mixture on a conditioning conveyer prior to pack bed dryer delivery
- Formation of Coldry pellets and removal/collection of moisture in a pack bed dryer
- Stockpiling of high energy Coldry pellets and distilled water ready for use or transport / export

The pellets can then be used in electricity generation in black or brown coal power stations and coal-to-oil applications. Existing brown coal power stations that consume Coldry pellets and immediately gain benefits without the need for significant modifications to plant infrastructure including:

- Emissions savings
- Reduced ash costs
- Access to increased water supply and drought mitigation
- Improved thermal efficiency

These factors also drive the business case for deployment of super critical black coal technologies with their ensuing efficiency and financial benefits, on brown coal mines. New power stations can also be built with confidence that they can secure supply of a 'Black Coal Equivalent' based on abundant, under exploited, brown coal reserves that perform extremely well with next generation gasification technologies. The high chemical reactivity of Coldry pellets delivers higher yield per tonne of coal and enables the products use as an ideal front-end feedstock solution for coal-to-oil technologies, eliminating the need for costly and energy intensive oil slurry drying.

The Coldry process delivers a 'Gateway technology' that enables an ideal front-end feedstock solution for numerous new technology applications.

Matmor Process

Matmor is a clean, low-emission, one-step process for producing high-grade primary iron using brown coal.

The Matmor process is positioned to revolutionise primary iron making, creating a high-grade iron product from brown coal and ferrous media such as iron ore, mill scale or other iron bearing waste tailings. The revolution lies in the design of our simple, low cost, low emission, patented Matmor retort using cheaper, alternative raw materials. Essentially the process involves blending wet brown coal (lignite) with iron ore or other ferrous metal bearing media to form a paste that is dewatered using the Coldry process. The pellets are then fed into a simple low cost, low emission patented Matmor retort where the remaining moisture is removed, the coal volatiles are driven off and the iron oxides are reduced to metal. The advantages of the Matmor process over existing steel making processes are:

- Replacement of expensive metallurgical coal with cheap, abundant lignite
- Replacement of expensive high grade Iron Ore (60%+Fe) with lower grade Iron Ore
- Capital equipment is estimated at 50% less than traditional blast furnaces
- Process requires significantly less heat / energy
- Able to recover baghouse dust, millscale and other waste materials
- Can be adapted to produce Zinc, Nickel, Chromium and Lead

Intellectual Property

In June 2009, the Company purchased the Coldry intellectual property from the Calleja Group after approval from the members at a General Meeting on 4th March 2009. The Calleja Group remains the owner of the Matmor technology but ECT has an exclusive right with the Calleja Group, under a Participation Agreement, through its subsidiary Asia Pacific Coal and Steel Pty Ltd to licence the Matmor technology and ultimately purchase that intellectual property as well.

The Coldry process is covered by patents, or pending patents in all major markets with significant brown coal deposits.

Following last year's granting of our formal patent in China, we have now successfully secured patents in the USA, Australia and Canada. Our patent in Europe is in the final stages of granting, with the Indian & Brazilian patent continuing to progress through their respective national systems.

Significant Changes and Key Events

The following significant changes in the state of affairs of the company occurred during the financial year:

- In July 2011 there was a substantial change in the structure of the ECT Board with non-executive directors Dennis Brockenshire, John Hutchinson, and the Chairman, David Woodall, resigning on 4, 5 and 8 July 2011 respectively. Following these resignations Michael Davies and Iain McEwin joined the Board as non-executive directors on 5 and 8 July 2011 respectively.
- The Chief Executive, Kos Galtos resigned effective on 15 August 2011. Mr Davies was appointed Managing Director and Executive Chairman of ECT and Ashley Moore was appointed Chief Operating Officer and Executive Director with both appointments being effective from 17 August 2011.
- In July 2011 ECT issued the final convertible note to La Jolla Cove under the funding agreement entered into in October 2010 and this issue took total drawings to the US$2,500,000 limit of the facility and the Company received cash proceeds of A$2,403,854 as a result of this facilities.
- On 17 August 2011 ECT placed approximately 43.8 million fully paid ordinary shares at $0.006 per share to raise $262,500 from sophisticated investors to support ongoing operation. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 21.9 million new options.
- On 26 August 2011 ECT released a prospectus for a non-renounceable rights issue to raise approximately $3.8 million to fund production and freighting of the Datang test burn sample, complete Phase 1 of the design for tender for the proposed production plant in the Latrobe Valley and support ongoing operations. The Company offered approximately 634 million new shares at $0.006 per new share to raise the $3.8 million before expenses on the basis of 2 new shares for every 3 fully paid shares in ECT. Subscribers for new shares will receive 1 new free option (ESIO) for every 2 new shares issued.
- As at the end of December 2011 the Company had allotted a total 363.3 million New Shares and 181.7 million New Options to raise $2.2 million of its target $3.8 million from the Rights Issue and the subsequent placement of shortfall to the Rights Issue.
- On 13 October 2011 the Company announced it has re-engaged with Tincom of Vietnam to progress development of the Victoria Coldry Project subject to certain conditions being satisfied.
- On 27 October 2011 the Company announced it had secured a A$400,000 Converting Loan facility to assist the restructuring of ECT's capital base and partially facilitate the cash prepayment of Conversion Notices of La Jolla Cove convertible notes. At the Company's 2011 Annual General Meeting held on Wednesday 30 November 2011 shareholders approved the repayment of the Converting Loans by the issue of Convertible Notes pursuant to the holders of the loans.
- On 31 October 2011 the Company announced the commencement of the Design for Tender (DFT) to be undertaken by Arup for its flagship Victoria Coldry Project. The DFT is well underway and the Phase 1 (of three phases) work including the preliminary investigation and assessment of the Loy Yang Power Station site and early stage design work has been completed.
- On 10 January 2012 ECT announced it had placed approximately 115.8 million fully paid ordinary shares at $0.006 per share to raise $695,000 from sophisticated investors to support on-going operation. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 57.9 million new options.
- On 16 January 2012 the Company announced it entered into a Memorandum of Understanding to provide Korean based energy company K-Coal Co. Ltd with exclusive sales and marketing rights into Korea for ECT's Coldry technology.
- On 30 January 2012 ECT provided a Shareholder Update on the status of capital raising activities, the Design for Tender work undertaken by Arup, the on-going development of the Coldry and Matmor technologies, and encouraging meetings with prospective users of the technologies in India and Korea.
- On 17 February 2012 the Company issued 3.5 million fully paid ordinary shares to Mr Galtos, the former Chief Executive, for nil consideration in satisfaction of a term of the Deed of Settlement between Mr Galtos and the Company agreed in August 2011.

- On 24 February 2012 the Company made a final prepayment of all outstanding La Jolla Cove Convertible Notes.
- On 27 February 2012 the Company advised it has secured a Converting Loan of $210,000 in order to replenish the Company's working capital resources following the prepayment of the remaining outstanding La Jolla Cove Convertible Notes. The Converting Loan was repaid by the issue of Convertible Notes with the same face value in April 2012 following shareholder approval and on 25th May 2012 the Convertible Notes were exercised and cancelled through the issue of 35 million new ordinary shares (ESI) and 17.5 million listed options (ESIO).
- On 2 March 2012 the Company advised opposition to its Coldry patent application in Australia had been withdrawn, allowing the application to progress to final examination and the Company was subsequently advised the patent was finalised and granted on 12 April 2012.
- On 15 March 2012 the Company advised the Monash Capital Group Pty Ltd (Monash Capital) was proposing to take a placement of 300 million fully paid ordinary shares (ESI) and 300 million listed options (ESIO), subject to shareholder approval, to raise $4.0 million to fund the completion of the Design for Tender, the on-going development of the Company's technologies and working capital requirements and long term funding for the construction of a Coldry Commercial Demonstration plant to prove the commercial viability of the Coldry technology.
- The Company called a General Meeting of shareholders on 27 April 2012 to consider two small placements ($405,000 and $475,000), the proposed placement of $4.0 million assisted by Monash Capital and approval of the issue of a Convertible Note with a face value of $210,000 to pay out a Converting Loan with the same face value. At the General Meeting held on 27 April 2012 the two small placement were not approved (one withdrawn and the other not approved) and the Monash Capital placement and the Convertible Note were both approved
- On 23 May 2012 the Company advised it has entered into an agreement to secure an interest in a coal Exploration Licence in the Latrobe Valley in Victoria (EL5119) with exploration work to run over next 2 to 3 years.
- On 19 June 2012 the Company announced placing up to 33.3 million fully paid ordinary shares (ESI) at 2.1¢ and 22.2 million listed options (ESIO) to raise a total of $700,000 on commence the exploration program for EL5119 and provide additional working capital.

Operating Results

The net Loss of the consolidated entity was $5,549,700 (2011: ($3,121,709).

Review of Operations

Consolidated results

The consolidated results for the financial year are:

	2012 $	2011 $
Revenue	686,266	274,987
Loss before income tax	(5,549,700)	(3,121,709)
Net result attributable to the members of Environmental Clean Technologies Ltd	(5,549,700)	(3,121,709)
Basic earnings per share (cents)	(0.43)	(0.38)
Diluted earnings per share (cents)	(0.43)	(0.38)

Coldry

ECT has achieved a number of key steps during the period.

Following on from the installation and upgrading of the front end processing equipment early in 2011, the Coldry operations team set about achieving long continuous operational runs to collect data under different

conditions to support our (then) up & coming Design for Tender (DFT) program. Many hundreds of tons of Coldry – under various process conditions and with differing operational parameters – were produced.

Following the completion of the 2011 Rights Issue capital raising, the formal contract for the DFT works was signed, and Arup commenced their activities in November 2011. Yet further extended plant trials were commissioned by the Arup team to allow for broader analysis, aimed at exploring all options for process and equipment configurations, which could minimise Capital and Operational expenditure in the commercial scale plant.

DFT Phase 1, which covered plant process design, including analysis & selection of major options to achieve the set commercialisation objectives in terms of Capex & Opex, was completed in May this year. Following Phase 1, Phases 2 & 3 have begun. This covers the balance of the design work, including structure, fabricated steel works, equipment selection, electrical, controls etc. This is continuing, and scheduled to be complete before year-end.

Business development continued focusing on China & India (as energy consumers with coal reserves responsive to Coldry technology). Successful testing of most of the applicable lignite reserves in India have been successfully tested, with ongoing discussions in progress with appropriate parties. Discussions with similarly placed Chinese parties continue. On both fronts, discussions regarding import of processed Victorian lignites are also in progress.

Matmor

Running in parallel with our Coldry testing of Indian coals, we have run a series of assessments of Matmor's effectiveness while utilising Indian lignites, and in some cases, Indian Iron ore & Iron bearing waste streams. These have been, in every instance, successful. Commercial discussions relating to next steps continue.

It is important to remind shareholders that India imports virtually all its coking coal needs, and is among the fastest growth economies in the world.

Finally, a broad scoping study to review optimal formulations to recover Iron from Nickel refinery tailings was completed, with the goal of improvements in recovery and quality achieved.

Coal Asset Development

Following your company's securing of rights to coal contained within EL5119, development work to delineate the assets has not yet begun. The formal commencement of work will follow the finalisation of the Native Title arrangements, which is expected to be completed in the very near future.

Dividends

No dividends were paid or recommended by the Directors.

Significant Events after the Balance Date

There has been a number of significant events occurring after balance date also shown in Note 28.

- On 19 July 2012, the Company announced it had entered into a FAST Finance loan agreement through Greenard Willing, which provided $1.0m less expenses for short-term working capital purposes. This loan was advanced against an expected R&D tax concession, which is due in late October or early November 2012. The Company is currently finalising its assessment of amounts to be received from the R&D tax concession for FY 2012, however it is expected to be in the order of $1.3 million.
- On 26 July 2012, the Company announced it had received $500,000 from Monash Capital Group in part satisfaction of the $4.0m share placement monies owed. Monash offered, and the Company accepted, a contingency plan under which it will provide a converting loan of up to $6.0m for conversion to shares, if approved by shareholders, for up to 300 million ESI ordinary shares and 300 million ESIO options. This contingency plan will result in the re-setting of the price to be paid for ESI shares by Monash to 2.0 cents from 1.33 cents.
- On 6 August 2012, the Company announced that it will apply for government funding for the Coldry Commercial Demonstration plant under the joint state and federal government supported Advanced Lignite Demonstration Program (ALDP).

Future Developments and Results

Coldry

ECT's main focus is to complete the Design for Tender (DFT), moving into the costing & tendering program. From there, financial close and ultimately the commencement of the construction program follows.

Significantly, the joint Federal and Victorian State Government announced the Advanced Lignite Demonstration Program. This offers the potential to support our plan to lead construction with a Demonstration unit to prove Capital & Operating costs, as well as underpin the eventual process and product guarantees which will need to be provided by ECT as we license our technologies commercially.

Matmor

While the Company is focused on advancing Coldry as our lead technology, Matmor is positioned to commence the next step in scale up on the commercialisation pathway; pre-feasibility work on the design of the pilot plant based on the completed design briefing work. Much of the Matmor testing work completed this last year was focused on supporting the commercial discussions with those potential partners who would work with ECT to move Matmor to Pilot Plant scale.

It is important to note that Matmor utilises a slightly modified version of the Coldry process to create the 'composite pellets' which are fed into the Matmor retort to produce iron. Consequently the Board and Management believe it prudent to proceed with the Coldry DFT in order to leverage that engineering work prior to commencing further work on Matmor.

Information on Directors

Details of the Directors' qualifications and experience are set out as follows:

Mr Michael Davies, Dip Civil (Eng), Grad Macquarie University Adv Mgt Program
Managing Director, Executive Chairman
Appointed 5 July 2011

Mike is an experienced senior manager having spent fourteen years in General Manager and CEO/Managing Director roles. The largest part of Mike's career was spent in the employment of Caterpillar Inc., the global leader in the mining and construction equipment industries, and of Caterpillar dealers including Hastings Deering Limited and Gough Group (New Zealand) Limited. He was CEO/Managing Director of Gough Group Limited between 1992 and 1997. Mike was also CEO/Managing Director of Joy Mining Machinery Australia Limited, the Australian subsidiary of Joy Global Inc., the global leader in underground coal mining equipment, between 1997 and 1999, before commencing his consulting business.

Mike has had extensive exposure to the mining industry in Australasia, USA, Europe, Asia and Africa. Mr Davies is not and has not been a director of any publically listed company in the past three years.

Mr Davies was appointed a Director of the Company in July 2011 and became Managing Director and Executive Chairman in August 2011. He is currently the Chairman of the Strategic Planning Committee and a member of the Audit and Risk Committee and Capital Raising Committee.

Mr Stephen Carter MBA, Dip Co. Dir., Dip App. Sc., FAICD
Non-executive Director

Stephen has extensive experience in delivering strategic projects including the commissioning of Crown Casino, the commercial preparation for the integration of Ansett/Air New Zealand, delivery of a multi-million dollar funding package for the redevelopment of the Melbourne Showgrounds, the review and transformation of Air New Zealand's engineering division and the commercial repositioning of Spotlight Pty Ltd. Mr Carter is not and has not been a director of any other publicly listed company in the past three years.

Mr Carter was appointed as Director of the Company in May 2009 and is currently the Chairman of the Capital Raising Committee and Audit and Risk Committee and a member of the Remuneration and Nomination Committee and Strategic Planning Committee.

Mr Iain McEwin
Non-executive Director
Appointed 11 July 2011

Iain has considerable business experience in the ownership and operation of his own business as a supplier to the building and construction industry. Iain is a key Shareholder in ECT. Mr McEwin is not and has not been a director of any other publicly listed company in the past three years.

Mr McEwin was appointed a Director of the Company in July 2011 and is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee, Strategic Planning Committee and Capital Raising Committee.

Mr Ashley Moore - BEng(Chem), MIEAust, CPEng, MAICD, Chief Operating Officer, Executive Director from 17 August 2011

Ashley is a graduate of Melbourne University in chemical engineering and is a Chartered Professional Engineer. He has extensive industry experience in all facets of manufacturing, plant operations, supply chain management, sales & marketing and major project delivery from more than 25 years in the industry. Ashley joined ECT in October 2009 as Business Manager, Coldry, during which time he displayed exemplary leadership and team building skills. Ashley was appointed to be the Chief Operating Officer of the Company in August 2011. Mr Moore is not and has not been a director of any other publicly listed company in the past three years. He is currently a member of the Strategic Planning Committee, Capital Raising Committee and Audit and Risk Committee.

Dave Woodall – MBA, Dip Mech Eng, FAICD, FAIM - Non Executive Chairman (Retired 8 July 2011)

Mr Woodall was a Non-executive Director and Chairman of ECT for 3 years, (appointed April 2008). Mr Woodall was not and had not been a director of any other publicly listed company in the past three years up to his retirement as a Director of ECT. Prior to Mr Woodall's resignation as a Director of ECT in July 2011 his special responsibilities, other than Chairman of the Board included, Chairman of the Remuneration & Nominations Committee and ex-officio member of the Audit and Risk and Strategic Planning committees.

John Hutchinson AOM, RFD, ED, FIEAust, CPEng - Non-executive Director (Resigned 5 July 2011)

Mr Hutchinson was a Non-executive Director of ECT for 4 years. Mr Hutchinson was not and had not been a director of any other publicly listed company in the past three years up to his retirement as a Director of ECT. Prior Mr Hutchinson's resignation as a Director of ECT in July 2011 his special responsibilities included being Chairman of the Audit and Risk committee.

Dr Dennis Brockenshire OAM, DTech, MBA, BComm, Dip ElecEng, Dip MechEng, FAICD, FIE(Aust) - Non-executive Director (Resigned 4 July 2011)

Dr Brockenshire was a Non-executive Director of ECT for 3 years. Dr Brockenshire was not and had not been a director of any other publicly listed company in the past three years up to his retirement as a Director of ECT. Prior to Dr Brockenshire's resignation as a Director of ECT in July 2011 his special responsibilities included being Chairman of the Remuneration and Nomination and the Strategic Planning committees.

Company Secretary

Mr John Osborne BSc, FRMIT (Management), DipAppCorpGov, ACIS
Appointed 1 August 2009

Mr Osborne provides company secretarial services to the company on a part time basis through his consultancy company KLVR Pty Ltd. Mr Osborne has over 35 years of financial, commercial and company secretarial experience with listed companies and in consulting roles. He has held no directorships of listed companies at any time during the past three years.

During the year ended 30 June 2012, the number of meetings of the Board of Directors and of each Board Committee and the number of meetings attended by each of the Directors who held office in the year are as follows:

	Board Meetings		*Audit and Risk Committee*		*Remuneration and Nomination Committee*	
	No. eligible to attend	*No. Attended*	*No. eligible to attend*	*No. Attended*	*No. eligible to attend*	*No. Attended*
Michael Davies	22	22	5	5	1	1
Stephen Carter	23	23	5	5	4	4
Iain McEwin	21	21	5	5	2	2
Ashley Moore	17	16	3	3	-	-
Dave Woodall	2	2	-	-	2	1
John Hutchinson	1	-	-	-	-	-
Dennis Brockenshire	-	-	-	-	1	1

	Capital Raising Committee		*Strategic Planning Committee*	
	No. eligible to attend	*No. eligible to attend*	*No. eligible to attend*	*No. Attended*
Michael Davies	10	10	3	3
Stephen Carter	10	10	3	3
Iain McEwin	8	8	3	3
Ashley Moore	7	7	3	3
Dave Woodall	-	-	-	-
John Hutchinson	-	-	-	-
Dennis Brockenshire	-	-	-	-

Retirement, Election and Continuation in Office of Directors

In accordance with the Constitution of Environmental Clean Technologies Limited, at each Annual General Meeting one-third (or a number nearest one-third, rounded up) of the number of Directors (excluding any other Director appointed by the Directors either to fill a casual vacancy or as an addition to the existing Directors) must retire by rotation; and

- any other Director who has held office for three years or more since last being elected; and
- any other Director appointed to fill a casual vacancy or as an addition to the existing Directors.

Accordingly, at the 2011 Annual General Meeting Stephen Carter retired as a director by rotation and Michael Davies, Iain McEwin and Ashley Moore retired as directors as they had been appointed to fill casual vacancies. All four directors being eligible offered themselves for re-election and were all re-elected.

The aggregate non-executive director remuneration is determined by a general meeting. The most recent determination was at the Annual General Meeting held on 10 September 2008 where the shareholders approved an aggregate remuneration of $250,000 for the work undertaken by directors in their capacity as non-executive directors. At the 2012 Annual General Meeting the Company will seek shareholder approval to increase to $400,000 the aggregate remuneration for the work undertaken by directors in their capacity as non-executive directors. Messrs Carter and McEwin, in addition to discharging their responsibilities as non-executive directors were also engaged by the Company to provide special services on a consultancy basis. Mr Carter in the Company's capital raising activities over the year and Mr McEwin in managing key investor relationships in the various capital raising activities, in particular the Rights Issue and subsequent successful placement of the shortfall.

Remuneration Report (Audited)

Principles used to determine the nature and amount of remuneration

The Board through the Remuneration and Nomination Committee is responsible for making recommendations on remuneration packages and policies applicable to the Board members and senior executives of the Company. The Company has in the past provided equity based short term and long term incentive based upon achievement of pre-determined performance criteria. At the 2012 Annual General Meeting the Directors will be seeking Shareholder approval for an Executive and Director Incentive Plan for the purposes of ASX Listing Rules and facilitate the provision of equity based remuneration to key management personnel and Directors.

The Board's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors and executives' remuneration is arrived at after consideration of the level of expertise each director and executive brings to the Company, the time and commitment required to efficiently and effectively perform the required tasks and after reference to payments made to directors and executives in similar positions in other companies.

Service Agreements

No directors were appointed on service agreements during the year in their capacity as directors. Each director has a written agreement governing his service as a director of the Company and separate agreements, where appropriate, for the discharge of executive responsibilities or the provision of other services. There are no termination benefits payable to directors or executives.

On 17th August 2011 Mr Michael Davies was engaged as Managing Director and Executive Chairman of the Company through a consultancy agreement with Davies Management Services Pty Ltd, of which Mr Davies is the sole director and the daily charge-out rate is $1,500 plus GST. The contract maybe able to be terminated by either party providing six months written notice of termination. Effective 1 July 2012 Mr Davies became an employee of the Company.The terms of this employment arrangement are detailed below.

On 15th September 2011 Mr Stephen Carter was engaged to provide specific services in respect of the capital raising activities of the Company, including the 2011 Rights Issue, the subsequent placement of the shortfall and initiatives in 2012 to secure working capital and medium term funding. The agreement with the Company is with Carter Jacobs and Associates Pty Ltd, Mr Carter's consultancy company, and the contract ceases on 15 September 2012. For the services rendered by Mr Carter through Carter Jacobs and Associates Pty Ltd the daily charge-out rate is $1,500 plus GST.

On 15th September 2011 Mr Iain McEwin was engaged to provide specific services of investor relations activities in support of the capital raising initiatives undertaken by the Company in late 2011 and 2012. The agreement with the Company is with Superior Coatings Pty Ltd, the entity through which Mr McEwin provides his consultancy services and may be terminated upon the earlier of 15 September 2012 or upon either party giving three months' notice. For the services rendered by Mr McEwin through Superior Coatings Pty Ltd daily charge out rate is $1,500 plus GST.

The Company engages Mr John Osborne to support the Company's secretarial functions. The agreement with the Company is with KLVR Pty Ltd, the entity through which Mr Osborne provides consultancy services and the agreement may be terminated by either party giving three months' notice.

Senior Executive Pay

The Chief Executive Mr Kosmas Galtos resigned on 15th August 2011 and his remuneration and termination payments are detailed the table on page 18.

Following Mr Galtos' resignation in August 2011 Mr Michael Davies was appointed Managing Director / Executive Chairman and Mr Ashley Moore as Chief Operating Officer (COO) and an Executive Director.

Mr Davies is engaged as Managing Director and Executive Chairman of the Company through a consultancy agreement with Davies Management Services Pty Ltd as summarised in the service agreements above. Mr Davies services are charged at $1,500 per day and there are no other benefits payable for Mr Davies acting as Managing Director and Executive Chairman under this agreement. Details of all payments to Mr Davies and related parties is detailed in the table on page 18. Effective 1st July 2012 Mr Davies became an

employee of the Company, discharging the duties of Managing Director and Executive Chairman and his remuneration is $22,500 per month plus $12,500 of shares per quarter to be issued quarterly. The shares to be issued, subject to shareholder approval to be sought at the Company's 2012 Annual General Meeting, will be allotted within the first week following the end of each quarter and priced at the VWAP for the last 5 trading days of each quarter. If shareholder approval for the share issues is not forthcoming, the value of the shares will be paid in cash in the month following each quarter.

Mr Moore is an employee of the Company and as COO has a base remuneration of $195,000 per annum for the year ended 30 June 2012 plus superannuation. There were no other benefits or any further emolument for acting as an Executive Director in the year ended 30 June 2012. Mr Moore's base remuneration has been increased to $201,600 per annum effective 1 July 2012 and he will be eligible to participate in an Executive & Director Incentive Scheme that will grant bonuses to key management personnel on the basis of achievement against performance benchmarks agreed by the Board. The bonuses will be granted annually and be in the form of cash and / or shares to eligible employees. In respect of Mr Moore, being a Director of the Company, any bonus granted in the form of new shares will require shareholder approval, and general approval for such issues will be sought at the Company's 2012 Annual General Meeting. Mr Moore's employment may be terminated by either party providing 6 months written notice of termination.

At the 2012 Annual General Meeting approval will be sought for the Company's Executive & Director Incentive Plan (the Plan). Approval will enable the Company to grant bonuses in cash or securities on an annual basis to key management personnel Plan to reward performance against benchmarks agreed by the Board. Shareholders approval of the Plan will mean that any securities so issued will not be counted against the 15% limit on placements without shareholders allowed in the ASX Listing Rules without explicit exemptions. If shareholders do not approve the Plan the Company may still grant bonuses but any securities issued will count towards the 15% limit.

Non-executive Director Remuneration

As at 1 July 2011 the Non-executive Directors fees were $3,000 per month ($4,000 per month for the non-executive Chairman) and effective 1 January 2012 the fees were increased to $4,167 per month (no non-executive Chairman). In late 2011 the Company sought to appoint an additional non-executive Director but in the process it became evident that the Company's non-executive Director fees did not reflect the fair remuneration for the work and risks associated with being a Director of the Company. Effective 1 July 2012 the base fee payable to Non-executive Directors for discharging their duties as Directors was increased to $75,000 per annum each, being $50,000 in cash and $25,000 in Shares, subject to shareholder approval for the issue of the Shares at the 2012 Annual General Meeting. If the issue of shares to Non-executive Directors is approved, then Shares to the value of $6,250 will issued to each Non-executive Directors in respect of each Relevant Quarter. A Relevant Quarter is the three-month periods ending 31 March, 30 June, 30 September and 31 December of each year. Subject to Shareholder approval the new shares will be allotted within the first week following the end of each Relevant Quarter and priced at VWAP over the first 5 ASX Business Days in the third month of the Relevant Quarter. If Shareholders do not approve the issue of Shares as part of the Non-executive Directors remuneration, then the full $6,250 per quarter of the Non-executive Director fees will be paid in cash on a quarterly basis.

At the 2012 Annual General Meeting approval will also be sought to increase the total fees payable to all Non-executive Directors of the Company from $250,000 per annum to $400,000 per annum. The total fees payable to all Non-executive Directors has not been changed since September 2008 and it is anticipated that the Company will appoint a further 2 new Non-executive Directors and an increase in the ceiling on Non-executive Directors will be required to accommodate the expansion of the Board. The appointment of additional Non-executive Directors will enhance the skills and experience necessary to guide the Company through the critical transition of the building and operation of the Coldry Demonstration Plant through to the construction of a full commercial-scale production plant.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of ECT and the Environmental Clean Technologies Ltd Group are set out in the following tables.

The key management personnel of both ECT and the Environmental Clean Technologies Ltd Group for the 2012 financial year are:

- Mr Michael Davies – Managing Director and Executive Chairman (Appointed Non-executive Director 5th July 2011 and Managing Director and Executive Chairman on 17th August 2011)
- Mr Stephen Carter - Non-executive Director
- Mr Iain McEwin - Non-executive Director (Appointed 11th July 2011)
- Mr Ashley Moore – Executive Director and Chief Operating Officer (Appointed 17th August 2011)
- Mr Dave Woodall - Non Executive Chairman (Retired 8th July 2011)
- Mr John Hutchinson - Non-executive Director, Deputy Chairman (Resigned 5th July 2011)
- Dr Dennis Brockenshire - Non-executive Director (Resigned 4th July 2011).
- Mr Kosmas Galtos - Chief Executive (Resigned 15th August 2011).
- Mr John Osborne – Company Secretary

In the 30 June 2012 financial year, the directors consider that there are only three individuals who meet the definition of executive. All directors and executives are employed by the parent entity and are all key management personnel.

	Short-term benefits			Post-employment benefits		Share-based payment	
	Cash Salary, & Directors fees	Consulting fees	Non-monetary benefits	Super-annuation	Termination benefit **	Shares/ Options	Total
	$	$	$	$	$	$	$
2012							
Directors							
J Hutchinson (resigned 5/7/11)	3,571	-	-	-	-	-	3,571
D Woodall (resigned 8/7/11)	1,142	-	-	-	-	-	1,142
D Brockenshire (resigned 4/7/11)	428	-	-	-	-	-	428
S Carter	47,162	163,000	-	-	-	-	210,162
A Moore (appointed 17/08/11)	191,891	-	-	17,270	-	-	209,161
I McEwin (appointed 11/7/11)	44,999	41,250	-	-	-	-	86,249

	Short-term benefits			Post-employment benefits		Share-based payment	
	Cash Salary, & Directors fees	Consulting fees	Non-monetary benefits	Super-annuation	Termination benefit **	Shares/ Options	Total
Executives							
K Galtos (resigned 15/8/11)	58,230	-	-	3,944	137,557 *	35000 *	234,731
M Davies (appointed 5/7/11)	6,430	351,856	-	-	-	-	358,286
J Osborne	-	88,204	-	-	-	-	88,204
Total	**353,853**	**644,310**	**-**	**21,214**	**137,557**	**35,000**	**1,191,934**

*Termination benefit consists of a cash payment of $137,557 and shares to the value of $35,000 issued to the former chief executive officer Mr Kosmas Galtos under a deed of settlement made in August 2011.

	Short-term benefits			Post-employment benefits		Share-based payment	
	Cash Salary, & Directors fees $	Consulting fees $	Non-monetary benefits * $	Superannuation $	Termination benefit $	Shares/ Options $	Total $
2011							
Directors							
J Hutchinson (resigned 5/7/11)	36,000	-	-	12,690	-	-	48,690
D Woodall (resigned 8/7/11)	48,000	-	-	4,320	-	-	52,320
D Brockenshire (resigned 4/7/11)	36,000	-	-	3,240	-	-	39,240
S Carter	36,000	-	-	-	-	-	36,000
L Hanley (ceased 26/11/10)	15,000	-	-	-	-	-	15,000
Executives							
K Galtos (resigned 15/8/11)	175,000	-	#64,131	15,199	-	23,375	277,705
J Osborne	-	63,050	-	-	-	-	63,050
Total	**346,000**	**63,050**	**64,131**	**35,449**	**-**	**23,375**	**532,005**

Non monetary benefits consists of living away from home allowances.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At Risk – Short Term Incentive		At Risk – Long Term Incentive	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Directors						
J Hutchinson (resigned 5/7/11)	100%	100%	- %	- %	- %	- %
D Woodall (resigned 8/7/11)	100%	100%	- %	- %	- %	- %
D Brockenshire (resigned 4/7/11)	100%	100%	- %	- %	- %	- %
S Carter	100%	100%	-%	- %	- %	- %
I McEwin (appointed 11/7/11)	100%	-%	-%	-%	-%	-%
A Moore (appointed 17/08/11)	100%	-%	-%	-%	-%	-%
Executives						
K Galtos	100%	100%	-%	-%	-%	-%
M Davies (appointed 5/7/11)	100%	-%	-%	-%	-%	-%
J Osborne	100%	100%	-%	-%	-%	-%

Share-based Compensation

In the year ended 30 June 2012 the Company issued to Mr Kosmas Galtos, the Chief Executive who resigned in August 2011, 3.5 million new fully paid ordinary shares in February 2012 as part of the Company's agreement with Mr Galtos following his resignation. The fair value of these shares was determined by reference to the share price at the time of agreement. The approval in April 2011 to issue Mr Galtos with 823,045 new fully paid ordinary shares was deferred at the request of Mr Galtos and remained unissued at 30 June 2011 and the issue did not proceed as part of the Company's agreement with Mr Galtos following his resignation. The Board did not grant any Long Term Incentive rights to any executive in the 2011 or 2012 years.

The Long Term Incentive rights issued to Mr Galtos in 2010 were to vest conditional upon Mr Galtos remaining in the employ of the Company as Chief Executive on 30th April 2012. Mr Galtos' resignation on 15 August 2011 has resulted in these rights lapsing.

In the financial years ended 30 June 2011 and 2012 there were no issues of options over ordinary shares in the company provided as remuneration to any director or executive or former director or executive of Environmental Clean Technologies Limited and as at the balance dates there were no options on issue.

The earnings of the consolidated entity for the five years to 30 June 2012 are summarised below:

	2008 $	2009 $	2010 $	2011 $	2012 $
Sales Revenue	439,216	273,811	884,085	274,987	686,266
EBITDA	(2,913,323)	(2,842,959)	(2,764,054)	(2,502,282)	(4,910,789)
EBIT	(3,124,384)	(2,985,153)	(3,358,560)	(3,073,761)	(5,491,142)
Loss after income tax	(3,473,180)	(3,358,932)	(3,728,403)	(3,121,709)	(5,549,700)

Consolidated entity performance and link to remuneration

The company's remuneration policy seeks to reward staff members for their contribution to achieving significant milestones but there is no direct link between remuneration paid and growth in the company's share price or financial performance.

The factors that are considered to affect total shareholders return are summarised below:

	2008 $	2009 $	2010 $	2011 $	2012 $
Share price at financial year end ($)	0.075	0.068	0.032	0.010	0.019
Basic earnings per share (cents per share)	(1.20)	(0.14)	(0.54)	(0.38)	(0.43)

(End of Remuneration Report)

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Share Options

At the date of this report, the following options to acquire Ordinary shares of the company were on issue:

	Number	Exercise Price	Expiry Date	Number Vested	Number Unvested
					-
Unlisted ordinary options	20,000,000	$0.050	14/12/2014	20,000,000	-
Listed options (ESIO)	869,260,303	$0.02	16/01/2014	869,260,303	-
					-
	889,260,303			889,260,303	-

In the year ended 30 June 2012 18,310 options were converted (at $0.02 per share to ordinary shares. Last year no options were converted) to ordinary shares.

Insurance and Indemnities of Officers and Directors

The Company has not, during or since the financial year, in respect of any person who is or has been a director, officer or auditor of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as a director, officer or auditor, including costs and expenses in successfully defending legal proceedings. Directors and Officers Liability Insurance premiums paid during the year ended 30 June 2012 amount to $22,513 (2011: $19,980) (ex GST).

Non Audit Services

No non-audit services were provided by BDO East Coast Partnership or related practices during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed at Melbourne this 31st August 2012 in accordance with a resolution of the directors.

M Davies
Director

Auditor's independence declaration

BDO

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
AUSTRALIA

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

As lead auditor of Environmental Clean Technologies Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Environmental Clean Technologies Limited and the entities it controlled during the period.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 31 August 2012

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Annual financial statements

Contents

These financial statements include the consolidated financial statements for the consolidated entity consisting of Environmental Clean Technologies Limited (ECT) and its subsidiaries. The financial statements are presented in the Australian currency.

ECT Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7

530 Little Collins Street

Melbourne Vic 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 11 and in the Directors' report on pages 8-22, both of which are not part of these financial statements.

Through the use of the Internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial statements, and other information are available on our website.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	CONSOLIDATED 2012 $	2011 $
Revenue from continuing operations	4	686,266	274,987
EXPENSES			
Corporate Costs		(509,131)	(719,652)
Depreciation and Amortisation		(580,353)	(571,479)
Employee Benefits Expense		(1,756,332)	(1,171,414)
Finance Costs		(346,983)	(47,948)
Legal Costs		(416,823)	(430,354)
Sales and Marketing		(263,190)	(90,275)
Occupancy Expense		(133,662)	(99,658)
Design for Tender		(1,544,190)	-
Engineering Costs		(527,062)	(211,960)
Travel and Accommodation		(264,320)	(254,621)
Unwinding of Earn Out		165,159	271,667
Other Expenses		(59,079)	(71,002)
Loss before income tax	5	**(5,549,700)**	**(3,121,709)**
Income tax (expense)/benefit	6	-	-
Net result attributable to the members of Environmental Clean Technologies Limited		**(5,549,700)**	**(3,121,709)**
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to the members of Environmental Clean Technologies Limited		**(5,549,700)**	**(3,121,709)**

		2012 Cents	2011 Cents
Earnings per security (EPS) from loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	20	(0.43)	(0.38)
Diluted earnings per share	20	(0.43)	(0.38)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement of Financial Position

As at 30 June 2012

		CONSOLIDATED	
		2012	2011
	Notes	$	$
CURRENT ASSETS			
Cash and cash equivalents	7	285,872	670,653
Trade and other receivables	8	109,590	63,557
Other current assets	9	130,764	90,457
Total Current Assets		526,226	824,667
NON-CURRENT ASSETS			
Investments accounted for using the equity method	10	2	2
Property, plant and equipment	11	177,425	270,001
Intangible assets	12	8,160,000	8,640,000
Total Non-Current Assets		8,337,427	8,910,003
Total Assets		**8,863,653**	**9,734,670**
CURRENT LIABILITIES			
Trade and other payables	14	1,024,153	453,840
Interest bearing liabilities	15	-	293,489
Provisions	16	72,902	73,023
Total Current Liabilities		1,097,055	820,352
NON-CURRENT LIABILITIES			
Other financial liabilities	17	489,461	654,620
Provisions	17	7,882	7,064
Total Non-Current Liabilities		497,343	661,684
Total Liabilities		**1,594,398**	**1,482,037**
NET ASSETS		**7,269,255**	**8,252,633**
EQUITY			
Contributed equity	18	49,518,412	44,989,191
Reserves	19	-	221,033
Accumulated losses	19	(42,249,157)	(36,957,591)
TOTAL EQUITY		**7,269,255**	**8,252,633**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2011	**43,228,522**	**433,497**	**(34,263,379)**	**9,398,640**
Loss for the year	-	-	(3,121,709)	(3,121,709)
Total comprehensive income for the year	**-**	**-**	**(3,121,709)**	**(3,121,709)**
Issue of shares by the Group	1,760,669	-	-	1,760,669
Share based payments	-	3,375	-	3,375
Equity component of convertible notes issued	-	211,658	-	211,658
Transfer to/(from) reserves	-	(427,497)	427,497	-
Balance 30 June 2011	**44,989,191**	**221,033**	**(36,957,591)**	**8,252,633**
Balance at 1 July 2011	**44,989,191**	**221,033**	**(36,957,591)**	**8,252,633**
Loss for the year			(5,549,700)	(5,549,700)
Total comprehensive income for the year	**-**	**-**	(5,549,700)	(5,549,700)
Issue of shares by the Group	4,529,221	-	-	4,529,221
Equity component of convertible notes issued	-	37,101	-	37,101
Transfer to/(from) reserves	-	(258,134)	258,134	-
Balance 30 June 2012	**49,518,412**	**-**	**(42,249,157)**	**7,269,255**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Notes	CONSOLIDATED 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		-	-
Receipts from R&D refunds		654,085	533,602
Payments to trade creditors, other creditors and employees (inclusive of goods and services tax)		(4,972,258)	(3,035,668)
Interest received		28,686	63,750
Net cash outflows used in operating activities	26	**(4,289,487)**	**(2,438,316)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,000	-
Payments for property, plant and equipment		(7,777)	(127,165)
Net cash outflows used in investing activities		**(4,777)**	**(127,165)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing of shares and convertible notes, net of costs		3,909,483	2,219,375
Net cash inflows from financing activities		**3,909,483**	**2,219,375**
Net (decrease) in cash held		(384,781)	(346,107)
Cash at the beginning of the financial year		670,653	1,016,760
CASH AT THE END OF THE FINANCIAL YEAR	7	**285,872**	**670,653**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are those of the consolidated entity consisting of Environmental Clean Technologies Limited and its controlled entities. Separate financial statements for Environmental Clean Technologies Ltd as an individual entity are no longer presented as a consequences of a change to the Corporation Act 2001, however limited financial information for Environmental Clean Technologies Ltd as an individual entity is included in note 29.

These accounts were approved by the board of directors on 31 August 2012 and therefore only include information up until this date.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Interpretations and the *Corporations Act 2001.* Environmental Clean Technologies Ltd is a for profit entity for the purpose of these accounts.

These new accounting standards do not have any material impact on our financial results.

Compliance with IFRSs

The consolidated financial statements of Environmental Clean Technologies Limited group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and liabilities (including derivative instruments) at fair value, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Going concern

For the year ended 30 June 2012 the consolidated entity (group) had an operating loss before tax of $5,549,700, negative cash flow from operating activities of $4,289,487, and net current liabilities of $1,097,055. Furthermore, the consolidated entity does not have a source of revenue and is reliant on equity capital or loans from third parties to meet their operating costs. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

i. On 27 April 2012 ECT shareholders approved a placement to Monash Capital Group for 300 million ESI ordinary shares and 300 million ESIO options to raise $4.0 million (1.33 cents per ESI and ESIO to be issued at nil consideration). Monies raised from the placement are to be used for the Design for Tender (DFT) program, development of a fully costed construction tender for a Coldry Commercial Demonstration plant, further development of Matmor technology,

further development of coal reserve access and ongoing working capital. On 26 July 2012, the Company announced it had received $500,000 in part satisfaction of the proposed placement to an entity nominated by Monash Capital Group. On the same date Monash Capital Group reiterated its commitment to ECT and has agreed to subscribe for up to 300 million ESI shares and 300 million ESIO options for total consideration of $6.0 million (2.0cents per ESI and ESIO to be issued at nil consideration). The issue of new shares to Monash Capital Group will be subject to shareholder approval that will be sought at the Company's 2012 AGM, but pending the 2012 AGM, Monash Capital Group will lend ECT up to $6.0 million by way of a Converting Loan. The additional monies received through the Converting Loan and subsequent repayment by the proposed placement will be used for working capital. As at 31 August 2012 $500,000 has been received by the company from Monash Capital Group.

ii. As at 30 June 2012 the Company has on issue 831,760,303 listed options (ESIO) that can be converted by option holders to ordinary shares in the company at an exercise price of two cents per share on or before 14 January 2014. Should ECT's share price exceed 2c and all options converted into shares, the company would raise $16.6 million.

iii. On 19 July 2012, the Company announced it had entered into a FAST Finance loan agreement to provide $1.0m less expenses for short-term working capital purposes

iv. The company intends to undertake additional capital raisings during the year to ensure sufficient funds are available to complete the design for tender.

The cash flow forecasts prepared by management, demonstrate that it has sufficient cash flows to meet its commitments over the next twelve months.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Environmental Clean Technologies Limited ("company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Environmental Clean Technologies Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

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

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of Asia Pacific Coal & Steel Pty Limited ("APCS") on 25 May 2006 was treated as a reverse acquisition in accordance with AASB 3 – Business Combinations whereby APCS is considered the accounting acquirer on the basis that APCS is the controlling entity in the transaction. As a result, APCS is the continuing entity for consolidated accounting purposes and the legal parent Environmental Clean Technologies Ltd is the accounting subsidiary. Investments in subsidiaries are

accounted for at cost in the individual financial statements of Environmental Clean Technologies Limited.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Environmental Clean Technologies.

Joint ventures – joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the net result of the partnership is recognised in the Statement of Comprehensive Income.

The net result on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Environmental Clean Technologies Limited.

(d) Segment Reporting

The consolidated entity has applied *AASB 8 Operating Segments*, which requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity the chief operating decision maker is the Board of Directors.

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Environmental Clean Technologies Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities, carried at fair value are reported as part of the fair value gain or loss.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the

group's activities as described below. The group bases its estimates on historical results, taking into consideration, the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Rendering of Services

Revenue from a contract to provide design and engineering services is recognised by reference to the stage of completion of the contract.

Interest Revenue

Interest revenue is recognised using the effective interest rate method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(g) Government grants

Grants from the Government are recognised as income where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary, to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the revenue on a straight-line basis over the expected lives of the related assets.

(h) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if there are offsetting deferred tax liabilities or it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control

the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Investment allowances

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

Tax consolidation legislation

Environmental Clean Technologies Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Environmental Clean Technologies Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Environmental Clean Technologies Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Research & Development Tax Offset

A refund of eligible research and development expenditure is claimed using the R&D tax offset.

(i) Leases

Leases of assets under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases as distinct from operating leases under which the lessor effectively retains substantially all such risks and benefits. Property, plant and equipment acquired by finance leases is capitalised at the present value of the minimum lease payments as a finance lease asset and as a corresponding lease liability from date of inception of the lease. Lease assets are amortised over the period the entity is expected to benefit from the use of the assets or the term of the lease whichever is shorter. Finance lease liabilities are reduced by the component of principal repaid. Lease payments are allocated between the principal component of the liability and interest expense.

Other operating lease payments are charged as an expense in the period in which they are incurred.

Assets sold as sales-type finance leases are brought to account at the beginning of the lease as a receivable, being the present value of the minimum lease payments and any unguaranteed residual value. The fair value of the leased asset is recognised as revenue, and its carrying amount at the inception of the lease is recognised as the cost of sales to arrive at gross profit.

Operating lease revenues are recognised in the financial statements in the period in which they are receivable.

(j) Research and development expenditure

Expenditure in respect of research and development is charged to profit or loss as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and

the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(k) Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable but at least annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and thereafter are measured at amortised cost, using the effective interest method, less provision for impairment. They are non-derivative financial assets with fixed or determinable amounts not quoted in an active market and are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off by reducing the carrying amount directly. An allowance for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance items are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight line basis for all plant and equipment, with the exception of plant under construction, to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term. Estimates of remaining useful lives are made on a regular basis. The useful lives of plant and equipment are currently assessed at 1 – 15 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Intangible Assets

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Licences comprise intellectual property and registered trademarks and patents. Amortisation is calculated using the straight-line method, over the estimated useful lives of 20 years.

(p) Trade and other creditors

Trade accounts payable and other creditors represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(q) Borrowings

Borrowings are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Comprehensive Income as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are incurred in the construction of a qualifying asset in which case the borrowing costs are capitalised as part of the asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the end of reporting period are recognised in respect of employees' services up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death. The group has a defined contribution section within its plan. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the group's plan.

Contributions to the employee superannuation plan are charged as expenses as the contributions are paid or become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(u) Earnings Per Share

Basic Earnings per Share

Basics earnings per share is calculated by dividing the profit attributable to the owners of Environmental Clean Technologies Limited, excluding any costs of servicing equity other then ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(w) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(y) New standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group does not anticipate early adoption of any of the reporting requirements stated below and does not expect these requirements to have any material effect on the Groups financial statements.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 10 *Consolidated Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 *Joint Ventures*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint

ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 *Fair Value Measurement*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The group is subject to income taxes in Australia. The group estimates its tax liabilities based on the understanding of the tax laws and advice from tax experts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determinations are made.

In addition, the group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised.

(ii) Life of Intangible asset

The group estimates the effective life of intellectual property to be 20 years and amortises the asset on a straight-line basis. Where the resulting effective life differs from that recognised, the impact will be recorded in the Consolidated Statement of Comprehensive Income in the period such determinations are made,

(iii) Estimated impairment of non-current assets

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(b) Critical judgements in applying the entity's accounting policies

(i) Fair value estimate of debt and equity portions of Convertible notes

AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" requires that convertible notes require separate accounting of the fair value of the debt and equity portions of the financial instruments. The fair value of the debt portion of the financial instrument is calculated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar pure debt financial instruments. The Group has therefore been required to make assumptions regarding the relevant current market interest rate that is available to the Group.

3. Segment Information

Business and Geographical Segments

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors. A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The company operates predominantly in the environmental and energy industry, and a single geographic segment being Australia. The board of directors assess the operating performance of the group based on management reports that are prepared on this basis. At regular intervals, the board is provided management information at a group level for the group's cash position, the carrying values of intangible assets and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

4. Revenue from Continuing Operations

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Sales	-	7,678
Other revenue:		
Interest Received	28,686	42,572
R&D Tax Refund	654,085	224,737
Total operating revenue	682,771	274,987
Non-Operating revenue		
Net gain on sale of furniture and fittings	3,000	-
Other Income	495	-
Total revenue	**686,266**	**274,987**

	CONSOLIDATED	
	2012	2011
	$	$
5. Expenses		
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	100,353	91,479
Amortisation	480,000	480,000
Finance and Borrowing Costs		
Interest and finance charges paid/payable	60,635	-
Finance Costs on Convertible Note	202,281	-
Unwinding of discount on convertible note	84,067	47,948
	346,983	47,948
Design for Tender	1,544,190	-
Engineering costs	527,062	211,960
Superannuation expense	67,777	88,460
Rental expense relating to operating leases		
Minimum lease payments	46,440	54,744

	CONSOLIDATED	
	2012	2011
	$	$
6. Income Tax Expense		
(a) Income tax expense/(benefit)		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (Increase) in deferred tax assets	144,000	144,000
(Decrease) increase in deferred tax liabilities	(144,000)	(144,000)
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss before income tax expense	**(5,549,700)**	**(3,121,709)**
Tax at the Australian tax rate of 30% (2011 – 30%)	(1,664,910)	(936,513)
Finance costs	85,904	18,142
Amortisation	144,000	144,000
Capital expenses	(188,150)	(101,590)
Share based payments	10,500	-
Other	(1,232)	6,626
Deferred tax asset movement not recognised	1,613.888	869,335
Income tax expense/(benefit)	-	-

(c) Gross deferred tax asset balance not recognised – potential benefit at 30% attributable to tax losses	1,550,178	726,908
Consists of:		
Gross deferred tax assets attributable to:		
- tax losses at 30%	4,733,579	3,402,094
- temporary difference	(105,101)	(83,186)
Less offset against deferred tax liability (see note 13)	(2,448,000)	(2,592,000)
Deferred tax asset	2,180,478	726,908

Further details on deferred tax assets and deferred tax liabilities are provided at note 13.

Members of the tax-consolidated group have entered into a tax funding agreement. The tax funding agreement sets out the funding obligations of members of the tax-consolidated group. Payments are required to/from the head entity equal to the current tax liability/(asset) assumed and any deferred tax assets arising from unused tax losses assumed by the head entity, resulting in the head entity recognising inter-entity payable/(receivable) equal to the tax liability/(asset) assumed. Contributions to fund the any tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant authorities.

The head entity, in conjunction with other members of the tax consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

	CONSOLIDATED	
	2012	2011
	$	$
7. Current Assets – Cash and Cash Equivalents		
Cash at bank and on hand	285,872	670,653

	CONSOLIDATED	
	2012	2011
	$	$
8. Current Assets – Trade and Other Receivables		
Trade debtors *	-	8,446
Goods and services tax (GST) receivable *	109,590	55,111
	109,590	63,557

* Receivables are not past due and are not impaired

	CONSOLIDATED	
	2012	2011
	$	$
9. Current Assets – Other		
Deposits Paid	24,561	33,359
Other Debtors	1,714	100
Prepayments	87,434	39,944
Loan – Coldry East Kalimantan	17,055	17,054
	130,764	90,457

	CONSOLIDATED	
	2012	2011
	$	$
10. Non-Current Assets – Investments accounted for using the equity method		
Shares in Victoria Coldry Pty Ltd (50% interest)	1	1
Shares in Coldry East Kalimantan Pty Ltd (50% interest)	1	1
	2	2

11. Non-Current Assets - Property, Plant and Equipment

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Plant and equipment (P&E):		
Plant and Equipment – at cost	765,251	765,251
Less: Accumulated depreciation	(601,681)	(522,891)
	163,570	242,360
Furniture & Fixtures (F&F):		
Furniture & Fixtures – at cost	4,335	16,531
Less: Accumulated depreciation	(2,312)	(7,155)
	2,023	9,376
Office Equipment (OE):		
Office Equipment – at cost	55,237	47,460
Less: Accumulated depreciation	(43,405)	(29,195)
	11,832	18,265
	177,425	270,001

2012	*Total* $	*P&E* $	*F&F* $	*OE* $
CONSOLIDATED				
Carrying amount at 1 July 2011	270,001	242,360	9,376	18,265
Additions	7,777	-	-	7,777
Disposals	-	-	-	-
Depreciation/amortisation expense	(100,353)	(78,790)	(7,353)	(14,210)
Carrying amount at 30 June 2012	177,425	163,570	2,023	11,832

2011				
CONSOLIDATED				
Carrying amount at 1 July 2010	234,315	200,192	11,952	22,171
Additions	127,165	119,173	-	7,992
Disposals	-	-	-	-
Depreciation/amortisation expense	(91,479)	(77,005)	(2,576)	(11,898)
Carrying amount at 30 June 2011	270,001	242,360	9,376	18,265

12. Non-Current Assets

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Intangible Assets		
Patents/Intellectual property – at cost	9,600,000	9,600,000
Less: Accumulated amortisation	(1,440,000)	(960,000)
	8,160,000	8,640,000
Reconciliation of Intangible Asset:		
Balance at the beginning of year	8,640,000	9,120,000
Additions		-
Disposals		-
Amortisation charged	(480,000)	(480,000)
Closing carrying value at end of year	8,160,000	8,640,000

13. Deferred Tax

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Deferred Tax Asset	2,448,000	2,592,000
Deferred Tax Liability	(2,448,000)	(2,592,000)
Net tax assets	-	-

The consolidated entity has recognised a deferred tax liability of $2,448,000 as a result of the recognition of the Coldry Licence upon consolidation of the Coldry Unit Trust, amortised over its useful life of 20 years. The company (parent) has available to it, sufficient losses available to recognise a deferred tax asset to offset the tax liability recognised on consolidation. A deferred tax asset of $2,448,000 attributable to tax losses has been recognised in the company accounts and offset against the deferred tax liability in the consolidated accounts.

14. Current Liabilities – Trade and Other Payables

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Trade payables	377,652	201,614
Other payables	646,501	252,226
	1,024,153	453,840

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 27.

	CONSOLIDATED	
	2012	2011
	$	$
15. Current Liabilities – Interest Bearing Liabilities		
Convertible Note	-	293,489
	-	293,489

The debt portion of the convertible note as at 30 June 2011 has been calculated at its fair value in accordance with AASB 132 and AASB 139 – Financial Instruments: Recognition and Measurement. The balance as at 30 June 2011 related to convertible notes held by La Jolla Cove Investors with a total face value of US$2,300,000. These convertible notes partially converted in August 2011 and the outstanding balances repaid from October 2011 through to January 2012. As at 30 June 2012 there were no convertible notes outstanding.

	CONSOLIDATED	
	2012	2011
	$	$
16. Current Liabilities - Provisions		
Employee Provisions	72,902	73,023
	72,902	73,023

	CONSOLIDATED	
	2012	2011
	$	$
Non Current Liabilities - Provisions		
Employee Provisions	7,882	7,064
	7,882	7,064

	CONSOLIDATED	
	2012	2011
	$	$
17. Non-Current Liabilities - Other Financial Liabilities		
Earn Out Creditor	489,461	654,620

	497,343	661,684

	CONSOLIDATED 2012	2011
	$	$

18. Contributed Equity

Balance at beginning of financial year	44,989,191	43,228,522
Issue of shares by the group	4,529,221	1,760,669
Balance at end of financial year	49,518,412	44,989,191

Reconciliation of Consolidated share movements	**No of shares**	**$**
Balance at 30 June 2011	**784,693,458**	**43,228,522**
Issue of shares through conversion of convertible note	110,415,654	1,760,669
Balance at 30 June 2012	**895,109,112**	**44,989,191**
Rights issue and shortfall take-up	363,333,256	2,125,461
Issue of shares through conversion of convertible notes	114,716,404	695,894
Placements	192,916,670	1,637,500
Exercise of options through year	18,310	366
Shares to Mr Kos Galtos (refer Remuneration Report)	3,500,000	35,000
Issue of shares through other activities	2,000,000	35,000
Balance at 30 June 2012	**1,571,593,752**	**49,518,412**

Share Options

At 30 June 2012 the following options to acquire Ordinary shares of the company were on issue:

	Number	Exercise Price	Expiry Date	Number Vested	Number Unvested
Unlisted ordinary options	20,000,000	$0.05	14/12/2014	20,000,000	-
ESIO	831,760,303	$0.02	16/01/2014	497,264,535	-

These ordinary shares give the holder voting rights in the company and entitle the holder to dividend distributions in proportion to the number of and amounts paid on the shares held.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital by reference to cashflow forecasts in relation to operating revenue and expenditure. The Group also monitors its capital expenditure requirements to identify any additional capital required.

19. Reserves and Accumulated Losses

	CONSOLIDATED	
	2012	2011
	$	$
Reserves		
Share option reserve	-	9,375
Convertible notes reserve	-	211,658
Total reserves	-	221,033

Movements in reserves were:

	CONSOLIDATED	
	2012	2011
	$	$
Share option reserve		
Opening balance	9,375	433,497
Fair value of options issued during the year	-	3,375
Transfer of fair value of options expired to accumulated losses	(9,375)	(427,497)
Closing balance	-	9,375

	CONSOLIDATED	
	2012	2011
	$	$
Convertible note equity reserve		
Opening balance	211,658	-
Equity component of convertible notes issue	37,101	211,658
Transfer of reserve to accumulated losses	(248,759)	-
Closing balance	-	211,658

	CONSOLIDATED	
	2012	2011
	$	$
Accumulated Losses		
Accumulated losses at the beginning of the financial year	(36,957,591)	(34,263,379)
Net loss attributable to members of the Group	(5,549,700)	(3,121,709)
Transfer to/(from) reserve	258,134	427,497
Accumulated losses at the end of the financial year	(42,249,157)	(36,957,591)

20. Earnings Per Share

	2012 Cents	2011 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary owners of the Company	(0.43)	(0.38)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary owners of the Company	(0.43)	(0.38)
Loss attributable to the ordinary owners of the Company	(0.43)	(0.38)

	2012 $	2011 $
(c) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to the ordinary owners of the Company used in calculating basic earnings per share	(5,549,700)	(3,121,709)

	2012 Number	2011 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS	1,263,826,451	815,622,259

There are 675,795,912 (2011 – 500,090,752) weighted average number of share options. The weighted average shares on issue for the year ended 30 June 2012 is 1,263,826,451 and the weighted average options were 675,795,912. These options are exercisable at 2.0c per share and for significant parts of the year the share price has exceeded 2.0c, albeit as at 30 June 2012 the last sale price was 1.9c.

Since 1 July 2012, 37,500,000 new shares and 37,500,000 listed options (ESIO) have been issued.

21. Controlled Entities

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2012	2011
		%	%
Parent entity			
Environmental Clean Technologies Limited	Australia		
Controlled entities			
Asia Pacific Coal and Steel Pty Ltd	Australia	100%	100%
Enermode Pty Ltd	Australia	100%	100%
Maddingley Coldry Unit Trust	Australia	100%	100%
ECT Coldry Pty Ltd	Australia	100%	100%
ACN 109 941 175 Pty Ltd (Maddingley Coldry Pty Ltd)	Australia	100%	100%
ECT Fuels Pty Ltd	Australia	100%	100%
ECT China Ltd	Hong Kong	100%	100%

22. Commitments and Contingent Liabilities

Participant's agreement with Maddingley Associates

(a) Capital Commitment

On 29th July 2005 Asia Pacific Coal and Steel Limited ("APCS") signed a participant's agreement with Maddingley Associates with the objective for APCS to licence and commercialise the Coldry and Matmor technology owned by Maddingley Associates.

This agreement was then subject to a deed of variation following the acquisition of 100% of the equity of APCS by Environmental Clean Technologies Limited ("ECT") on 25 May 2006.

As part of the participant's agreement and deed of variation, APCS and ECT have committed to complete agreed milestones along an agreed critical path. A Deed of Variation was entered into on 30 June 2009 to extend the milestones for the development and construction of the first Matmor plant to 31 December 2014 and not 31 December 2011 as per the original milestones. The commitments and date of achievement of the milestones are as follows:

- Commence construction of the 6000 tonne per annum Matmor Steel Plant by 31 December 2012.
- Complete construction of the Matmor Steel Plant by 31 December 2014.

(b) Contingent liability

The Maddingley agreement and subsequent deed of variation states that should the agreement be terminated by any reason other than breach or default on the part of Maddingley Associates, then APCS will grant to Maddingley Coal an option to buy the following for $1:

- The benefits of all contracts, licences and sublicense's entered into in relation to the Licenced Technology;
- All right, title and interest of APCS relating to the Matmor Licensed Technology;
- All right, title and interest of APCS in any improvements at JBD Industrial Park including any modifications or upgrades to the Coldry Pilot Plant;
- All the leasehold or other interest of APCS to JBD Industrial Park or any part thereof.

As part of the fulfilment of the agreement is dependent on the completion of future events noted above there is a potential loss to the consolidated entity if the group fails to meet the obligations and Maddingley exercise the option to purchase the Coldry Pilot Plant upgrades for $1. At 30 June 2012 the upgrades had a net book value of $163,570.

(c) Contingent assets

R&D offset

The company is in the process of finalising its Research and Development application for FY2012. The company expect to receive approximately $1.3m from this claim.

23. Remuneration of Auditors

During the year the following fees were paid/payable to the auditor of the Company and its related practices:

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Assurance services		
Audit and Review Services		
Fees paid/payable	62,341	52,700
Other Services	-	-
	62,341	52,700

24. Key Management Personnel Disclosures

Directors

The following persons were directors of the Company during the financial year:

- Michael Davies – Executive Chairman / Managing Director (Appointed director 5th July 2011)
- Stephen Carter – Non-Executive Director
- Iain McEwin – Non-executive Director (Appointed 11th July 2011)
- Ashley Moore – Chief Operating Officer / Executive Director (Appointed director 17th August 2011)
- Dave Woodall – Non-Executive Chairman (Resigned 8 July 2011)
- John Hutchinson – Non-Executive director (Resigned 5 July 2011)
- Denis Brockenshire – Non-Executive director (Resigned 4 July 2011)

Other key management personnel

In addition, the following person had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Kosmas Galtos – Chief Executive (Resigned 15 August 2011)

John Osborne – Company Secretary

24. Key Management Personnel Disclosures (cont.)

Key management personnel compensation

	CONSOLIDATED	
	2012	2011
	$	$
Short-term employee benefits	998,163	473,181
Post-employment benefits	21,214	35,449
Long term benefits	-	-
Share-based payments	35,000	23,375
Termination Benefits	137,557	-
	1,191,934	532,005

Further information on key management personnel can be found in the remuneration report within the director's report.

Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issues on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report within the director's report.

(ii) Option holdings

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

2012

	Balance at start of year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
I McEwin	22,790,920[1]	-	-	15,621,717[2]	38,412,637	38,412,637	-
A Moore	-[1]	-	-	583,335[2]	583,335	583,335	-
D Brockenshire (Resigned – 4 July, 2011)	550,000	-	-	-	550,000[3]	550,000	-
J Hutchinson (Resigned – 5 July, 2011)	550,000	-	-	-	550,000[3]	550,000	-
K Galtos (Resigned – 15 August, 2011)	3,191,176	-	-	(441,176)[4]	2,750,000[3]	2,750,000	

Notes:

1. Holdings (Indirect and direct) as at date of appointment as a Director on 11 July 2011.
2. Options acquired as part of subscription for new shares in the 2011 Rights Issue.
3. Holdings (Indirect and direct) as at date of resignation.
4. Options lapsed upon resignation.

Messrs Davies, Carter and Woodall (as at dates of resignation) did not own any options during the year.

24. Key Management Personnel Disclosures (cont.)

2011

	Balance at start of year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
K Galtos	3,191,176	-	-	-	3,191,176	2,750,000	441,176
D Brockenshire	550,000	-	-	-	550,000	550,000	-
J Hutchinson	550,000	-	-	-	550,000	550,000	-
L Hanley – (ceased - 26 November 2011)	11,606,845	-	-	3,050,000	14,656,845	14,656,845	-

Messrs Woodall and Carter did not own any options during the year.

Other transactions with directors and other key management personnel

Directors and Executives equity holding:

Fully paid ordinary shares issued by Environmental Clean Technologies Limited

2012

	Balance at start of year	Granted as compensation	Exercised	Other changes[2]	Balance at end of the year
M Davies	-	-	-	-	-
S Carter	-	-	-	-	-
I McEwin	21,865,1481	-	-	31,243,4332	53,108,581
A Moore	1,750,0001	-	-	1,166,6682	2,916,668
D Woodall (Resigned – 8 July, 2011)	-	-	-	-	-
D Brockenshire (Resigned – 4 July, 2011)	935,000	-	-	-	935,000[3]
J Hutchinson (Resigned – 5 July, 2011)	2,119,519	-	-	-	2,119,519[3]
K Galtos (Resigned – 15 August, 2011)	2,110,294	-	-	-	2,110,294[3]

Notes:

1. Holdings (Indirect and direct) as at date of appointment as a Director.
2. Shares acquired as part of subscription for new shares in the 2011 Rights Issue
3. Holdings (Indirect and direct) as at date of resignation.

24. Key Management Personnel Disclosures (cont.)

2011

	Balance at start of year	Granted as compensation	Exercised	Other change [2]	Balance at end of the year
D Woodall	-	-	-	-	-
D Brockenshire	935,000	-	-	-	935,000
J Hutchinson	2,119,519	-	-	-	2,119,519
S Carter	-	-	-	-	-
L Hanley – (ceased - 26 November 2011)	4,007,824	-	-	(1,682,825)	2,324,999
J Osborne	-	-	-	-	-
K Galtos	2,110,294	-	-	-	2,110,294

2. Holdings (Indirect and direct) as at date of resignation.

25. Related party transactions

(a) Parent entities

The legal and ultimate parent entity within the Group is Environmental Clean Technologies Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

	CONSOLIDATED	
	2012	2011
	$	$

26. Notes to the Statement of Cash Flows

Reconciliation of Net Cash Flows from Operating Activities to Net Loss from Ordinary Activities after Income Tax

Operating loss after income tax	(5,549,700)	(3,121,709)
Depreciation and amortisation	580,353	571,479
Unwinding of earn out creditor	(165,159)	(271,667)
Expenses in respect of equity settled by share based payments	-	3,375
Unwinding of discount on convertible note	84,067	46,336
Finance costs on convertible note	202,281	-
Expenses settled by share issues	77,000	-
Net (gain)/loss on disposal of furniture and fittings	(3,000)	-
Changes in assets and liabilities (net of effects of acquisition and disposal of entities):		
(Increase)/decrease in trade and other debtors	(86,339)	312,744
Increase/(decrease) in trade and other payables	570,313	(77)
Increase/(decrease) in provisions	696	21,203
Net cash outflow from operating activities	(4,289,487)	(2,438,316)

Changes in assets and liabilities (net of effects of acquisition and disposal of entities):

27. Financial Risk Management

Financial risk management

The Group's operations expose it to various financial risks including market, credit and liquidity risks. Risk management programmes and policies are employed to mitigate the potential adverse effects of these exposures on the results of the Group.

Financial risk management is carried out by the Board and Chief Executive Officer on a regular basis by reviewing current and potential sources of funding, cashflow and operating/capital expenditure forecasts, to manage credit, liquidity and cash flow risk.

(a) Market risk

Foreign exchange risk

The Group's operations are currently solely within Australia, and therefore are not exposed to any foreign exchange risk.

Interest rate risk

The Group currently has minimal exposure to interest rate risk.

As at the end of reporting period, the Group had no variable rate borrowings.

Fluctuations in interest rates will not have any material risk exposure to the cash held in bank deposits at variable rates.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as exposures to customers, including outstanding receivables. For banks and financial institutions, only major Australian banking institutions are used. For customers, individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available to meet the Group's needs.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – 30 June 2012

	Less than 3 months	*3 months to 1 year*	*1 - 5 years*	*5 + Years*	*Total*
	$	$	$	$	$
Non-Interest Bearing	1,024,153	-	-	-	1,024,153
Loans	-	-	-	-	-
Convertible Note	-	-	-	-	-
Earn Out	-	-	489,461	-	489,461

Group – 30 June 2011

	Less than 3 months	*3 months to 1 year*	*1 - 5 years*	*5 + Years*	*Total*
	$	$	$	$	$
Non-Interest Bearing	(453,840)	-	-	-	(453,840)
Loans	-	-	-	-	-
Convertible Note	-	-	(293,489)	-	(293,489)
Earn Out	-	-	(654,620)	-	(654,620)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

28. Events Subsequent to end of reporting period

- On 19 July 2012, the Company announced it had entered into a FAST Finance loan agreement through Greenard Willing, which provided $1.0m less expenses for short-term working capital purposes. This loan was advanced against an expected R&D tax concession, which is due in late October or early November 2012. The Company is currently finalising its assessment of amounts to be received from the R&D tax concession for FY 2012, however it is expected to be in the order of $1.3 million.
- On 26 July 2012, the Company announced it had received $500,000 from Monash Capital Group in part satisfaction of the $4.0m share placement monies owed. Monash offered, and the Company accepted, a contingency plan under which it will provide a converting loan of up to $6.0m for conversion to shares, if approved by shareholders, for up to 300 million ESI ordinary shares and 300 million ESIO options. This contingency plan will result in the re-setting of the price to be paid for ESI shares by Monash to 2.0 cents from 1.33 cents.
- On 6 August 2012, the Company announced that it will apply for government funding for the Coldry Commercial Demonstration plant under the joint state and federal government supported Advanced Lignite Demonstration Program (ALDP).

It is ECT's intention to have its 2012 Annual General Meeting on Friday 16 November 2012 at 11.00am at a venue to be advised.

29. Parent Entity Disclosures

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

		2012	2011
		$	$
a)	Financial Information		
	Loss from ordinary activities after tax	(5,069,700)	(2,641,709)
	Current Assets	526,226	824,668
	Non Current Assets	9,777,426	9,870,001
	Total Assets	10,303,652	10,694,669
	Current Liabilities	1,104,938	827,416
	Non Current Liabilities	489,461	654,620
	Total Liabilities	1,594,399	1,482,036
	Net Assets	8,709,253	9,212,633
	Share Holder Equity		
	Issued Capital	52,810,338	48,281,117
	Share Options Reserve	-	9,375
	Convertible Note Reserve	-	211,658
	Accumulated Losses	(44,101,085)	(39,289,517)
	Total Equity	8,709,253	9,212,633

b) Guarantees

Environmental Clean Technologies Ltd has not issued any guarantees to any subsidiaries.

c) Other Commitments

Environmental Clean Technologies Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities

d) Contingent Liabilities

Environmental Clean Technologies Ltd has no contingent Liabilities.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Directors' Declaration

In the directors' opinion:

a) the financial statements and notes set out on pages 24 to 57 are in accordance with the *Corporations Act 2001,* including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and

   iii. complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) to the financial statements, and

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

The directors have been given the declarations by the managing director and chief operating officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

Michael Davies

Melbourne

Date: 31 August 2012

BDO

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the members of Environmental Clean Technologies Limited

Report on the Financial Report

We have audited the accompanying financial report of Environmental Clean Technologies Limited, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the Independence Declaration required by the Corporations Act 2001, which has been given to the directors of Environmental Clean Technologies Limited, would be in the same terms if given to the directors as at the time of this Auditor's Report.

BDO

Opinion

In our opinion:

(a) the financial report of Environmental Clean Technologies Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) "Going Concern" in the financial report, which indicates that the consolidated entity had an operating loss before tax of $5,549,700 for the year ended 30 June 2012, and negative cash flow from operating activities of $4,289,487. These conditions along with other matters set forth in Note 1(b) "Going Concern" give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Environmental Clean Technologies Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

David Garvey

Partner

Melbourne, 31 August 2012

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Corporate Directory

Directors	Michael Davies (appointed 5/7/11) Stephen Carter Iain McEwin (appointed 11/7/11) Ashley Moore (appointed 17/7/11)
Secretary	John Osborne
Principal registered office in Australia	Level 7 530 Little Collins Street Melbourne Vic 3000
Share registers	Security Transfer Registrars Pty Ltd 770 Canning Highway, Applecross WA 6153
Auditors	BDO East Coast Partnership Level 14 140 William Street Melbourne Vic 3000
Accountants	RSM Bird Cameron Level 8, Rialto 525 Collins Street Melbourne Vic 3000
Solicitors	Norton Rose RACV Tower, 485 Bourke St Melbourne Vic 3000
Exchange listings	Environmental Clean Technologies Ltd's shares are listed on the Australian Securities Exchange. **www.asx.com.au** (ESI)
Website	www.ectltd.com.au