

ECSI LIMITED

ABN 68 004 240 313

ANNUAL REPORT

30 JUNE 2011

Corporate Information

| | |
|--------------------------|--|
| Directors | Mr George Karafotias – Executive Chairman & CEO Mr Eric Jiang – Non-Executive Director Mr Jeffrey Tan – Non-Executive Director Mr Wilton Yao – Non-Executive Director |
| Company Secretary | Mr Robert Lees |
| Registered Office | 101 Rathdowne Street Carlton VIC 3000 |
| Auditors | William Buck Audit (Vic) Pty Ltd Level 1, 465 Auburn Road HAWTHORN EAST VIC 3123 |
| Bankers | Commonwealth Banking Corporation Limited |
| Stock Exchange | Australian Stock Exchange 20 Bridge Street SYDNEY NSW 2000 |
| Stock Code | ECS |
| Share Register | Registries Limited Level 7, 207 Kent Street SYDNEY NSW 2000 |

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Directors' Report

Your directors present their report on ECSI Limited for the financial year ended 30 June 2011.

INFORMATION ON DIRECTORS

The names and details of the company's directors holding office at anytime during or since the end of the year are as follows:

Non-Executive Chairman

James ('Jim') Edward Green *B.Pharm*

Resigned on 4th March 2011.

Jim has been a director of companies associated with his brother, Graeme Green, in the development and marketing of smart card systems for 17 years. He was previously a Non-Executive Director of Coms21 Limited, a technology focussed Company listed on the ASX.

By profession Jim Green is a pharmacist, and he continues to be involved in the development and operation of a variety of business concerns including public relations and media, function centres and retail distribution. He resides in Melbourne, Australia.

Jim did not hold any directorship in other listed entities in the last three years.

- Interest in shares and options: 88,739,474 ordinary shares, 40,889 options.

Executive Chairman and CEO

George Karafotias, *B Com.*

Mr Karafotias was appointed as a Executive Chairman & CEO of ECSI on 4 March 2011

Mr Karafotias is an accountant holding a bachelor of Commerce from the University of Adelaide. He is currently serving on the board of Biron Apparel Ltd, ATECH Ltd and Central Kimberley Diamond Ltd (Frankfurt listed company). He also provides corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.

- Interest in shares and options: Nil ordinary shares, nil options.

Executive Directors

Graeme Allan Green *Dip. Eng. (CEO & Managing Director)*

Resigned on 4th March 2011.

Graeme has been involved in numerous smart card businesses since the mid 1980s including being Managing Director of Coms21 Ltd, a Company listed on the Australian Securities Exchange. Graeme has been involved in developing business and government relationships throughout China. These include those with Beijing IMJ Investment Co Limited ("IMJ") and Lu Xiao Bing, since 1992.

He resides in Canberra, Australia and travels regularly to China and South East Asia.

Graeme did not hold any directorship in other listed entities in the last three years.

- Interest in shares and options: 34,918,929 ordinary shares, nil options.

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Non-Executive Director

Eric Jiang. B Com.

Mr Jiang was appointed as a Non-Executive Director of ECSI on 4 March 2011

Mr Jiang has completed a bachelor of commerce (Honors) at Monash University and is a member of the Golden Key International Honors Society. He has over 10 years experience in the financial services industry providing financial advice to retail and corporate clients. Mr Jiang has held several management positions with financial advisory firms as well as building a substantial retail advice practice. Mr Jiang is currently a director of an ASX listed company Atech Holdings Ltd and a director of Frankfurt listed company Central Kimberly Diamonds.

- Interest in shares and options: Nil ordinary shares, nil options.

Non-Executive Director

Jeffrey Hua Yuen Tan B. Bus Univ SA

Jeffrey was appointed as a Non-Executive Director of ECSI on 24 March 2010.

Jeffrey holds a Bachelor in Business from the University of South Australia. He has 16 years experience in equities and derivatives markets and client portfolio advisory role. Jeffrey has also facilitated resource and property projects in China and Vietnam, with forays into commercial property development.

Jeffrey is a Director of Fraden Projects Australia Pty Ltd, a company of foreign project management consultants that facilitated the development of a USD \$300 million Yen So Project in Hanoi with the local government and Gamuda Berhad. As Director, he also facilitated the acquisitions and development of private ventures in China's Heilongjiang and Jilin provinces.

He lives in Adelaide, Australia.

Jeffrey did not hold any directorship in other listed entities in the last three years.

- Interest in shares and options: Nil ordinary shares, nil options.

Non-Executive Director

Donald Han Low B. Ec WA

Donald Han Low was appointment as a non-executive Director effective 2 June 2010.

Resigned on 18 January 2011.

Donald holds a Bachelor in Economics from the University of Western Australia and has extensive experience in corporate advisory, finance and management. His experience lies in a number of sectors including, but not limited to, plantations, telecommunications, manufacturing, infrastructure development and financial services.

Donald has served on many boards of both private and publicly listed companies in Asia and Europe. His most recent role was that of Acting Chief Executive Officer & Executive Director of Anglo-Eastern Plantations Plc, a London Stock Exchange listed company.

Donald also sits as a Non-Executive Director/Chairman of the Audit Committee of Oriented Media Group Berhad, a digital media company listed on the ACE Board of Bursa Malaysia (the Malaysian Stock Exchange).

He lives in Melbourne, Australia.

Donald is the non-executive Chairman of Atech Holdings Limited (ASX: ATH).

- Interest in shares and options: Nil ordinary shares, nil options.

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Non-Executive Director

Wilton Yao, BA

Mr Yao was appointed as a Non-Executive Director of ECSI on 4 May 2010.

Mr Yao has been involved in business broking industry for more than 10 years and specialises in franchise recruitment and development. He has worked with a number of franchise firms to develop franchise businesses for both local and international markets. Mr Yao has also been involved in managing several retail and franchise businesses for many years and has great experience and knowledge in management and marketing. Mr. Yao has strong connections with overseas investors, especially from mainland China and he has worked closely with Australian Government organisations and local companies to promote successful investment projects for Chinese investors. He served on the Board of one ASX listed company (RKS Consolidated Limited), focusing on project exploring and seeking investment funds from overseas investors.

Non-Executive Director

Anthony Stephen Crimins, B Eng, M Eng, Grad Dip Marketing, MBA

Anthony was appointed as a Non-Executive Director of ECSI on 3 May 2011.

Resigned on 22 July 2011.

Mr Crimins has extensive experience in management, business development and advising public companies. Mr Crimins has held various senior business development positions at Brambles, International Services System, Unisearch and Jatol Limited and has held senior management roles at Newport Scientific and TCCS Pty Ltd. Mr Crimins has also assisted a number of public companies to successfully complete backdoor and front door listings while at Winningcorp Services Pty Ltd. He is currently serving on the board of Welcome Stranger Mining Limited and Blackcrest Resources Limited.

Non-Executive Director

Andrew Du, B Bus

Mr Du was appointed as a Non-Executive Director of ECSI on 3 May 2011

Resigned on 22 July 2011.

Mr Du has over 15 years experience in the retail sector having undertaken various roles. He has performed senior owner/ manager roles within a number of businesses during that time. Mr Du has worked with Aus Décor since April 2010 and has been intimately involved in all aspects of the business' operations and development during that time.

COMPANY SECRETARY

The following person held the position of company secretary during the financial year.

Robert Lees (B Bus UTS, CA, ACIS)

Robert was appointed company secretary of ECSI in March 2004. He holds a Bachelor of Business (Accounting) degree from UTS and a Graduated Diploma in Corporate Governance. He is an associate of the Institute of Chartered Accountants in Australia and the Chartered Secretaries of Australia. He has served as a Company Secretary on a number of ASX listed entities since 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was investing and conducting due diligence activities in Australia.

There are no significant changes in the nature of the principal activities from last year.

REVIEW OF OPERATIONS

| Results for the year | ECSI Limited \$ 2011 | ECSI Limited \$ 2010 |
|--|-------------------------------------|-------------------------------------|
| Revenue | 5,757 | 15,443 |
| Loss after tax attributable to members | (2,094,722) | (330,076) |
| Earnings per share | 2011 Cents | 2010 Cents |
| Basic earnings per share | (0.48) | (0.11) |
| Diluted earnings per share | (0.48) | (0.11) |

The losses of ECSI were a result of the impairment of \$1,200,000 on its financial assets. For details, refer to Note 3. ECSI incurred due diligence expenses of \$538,986 during the year in relation to the proposed acquisition of African mining assets, Aus Décor, Green Décor and Pubsolar.

Financial Position

The Company has raised \$862,653 by the issue of 84,197,913 shares. The net asset position of the Company at 30 June 2011 was \$179,191 (2010: \$1,451,450).

DIVIDENDS

No dividends have been paid or declared by the Company since it was created and the Directors do not now recommend any payment of dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Company other than the equity raising of \$851,498 and the operating loss.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Acquisition of African mining assets

On 8 July 2011 the Company resolved to progress the proposed acquisition of African mining assets by commencement of the preparation of the legal documentation necessary to give effect to the proposed transaction. The Company expects to execute the sale agreements after the completion of due diligence unless due diligence investigations identify any unforeseen issues that would have a material adverse impact on the value of the assets.

The African mining assets include the following:

- 4 uranium permits in Bir Moghrein, Mauritania; and
- 100% of the share equity controlling the Hoasib Project located in Swakopmund, Namibia; the Company will acquire 70% of the equity from Green Mineral Resources Pty Ltd and the remaining 30% from Bastos Foundation Limited.

In order to complete the transaction, and following a share consolidation, the Company expects to issue 10,000,000 new ordinary shares at 20 cents a share under a Prospectus to raise \$2,000,000 and will additionally issue 150,000,000 new ordinary shares at 20 cents per share in order to raise an additional \$30,000,000 as part of the earn-out agreement payable to the vendors of the African mining assets.

The proposed changes to the existing capital structure of the company and the acquisition of the African mining assets are contingent upon the Company meeting all the necessary regulatory and shareholder approvals, including a change in the Company's principal activities, as required by Chapters 1 and 2 of the ASX Listing Rules.

Other subsequent events

On 8 July 2011 ECSI decided not to proceed with the acquisition of Aus Décor Pty Ltd, Green Décor Pty Ltd and Pubsolar Pty Ltd.

Other than the above listed transactions, there have been no events subsequent to the end of the reporting period that would have a material impact on the financial statements for the year ended 30 June 2011.

IMPACT OF ENVIRONMENTAL LEGISLATION

The Directors confirm that there are no particular environmental obligations to which the company is subject to, outside of the usual common law and legislative requirements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The company's constitution provides for an indemnity of Directors and Officers where liability is incurred in or arising out of the conduct of the business of the company or in or arising out of the discharge of the duties of the Director or Officer, unless the liability was incurred as a result of their dishonesty, negligence, lack of good faith or breach of duty. The indemnification will also meet the full amount of any such liabilities, including legal fees, incurred in defending any proceedings or appearing before any court, tribunal, government authority or otherwise.

Insurance Premiums

The company's constitution allows for the payment of a premium providing insurance against liability arising out of the conduct of the business of the company or in or arising out of the discharge of the duties of the Director or Officer. To date no such premiums have been paid due to the inability to secure such insurance at reasonable cost.

PARTICULARS OF SHARES AND OPTIONS HELD BY DIRECTORS IN ECSI LIMITED AS AT THE DATE OF THIS REPORT

| | Quoted Shares ⁽¹⁾ | Options (unquoted) ⁽¹⁾ |
|--|------------------------------|-----------------------------------|
| Mr G.A. Green (resigned 4 March 2011) | 34,918,929 | - |
| Mr J. E. Green (resigned 4 March 2011) | 88,739,474 | 40,889 |
| Mr J. H. Y. Tan (appointed 24 March 2010) | - | - |
| Mr D. H. Low (appointed 2 June 2010, resigned 18 January 2011) | - | - |
| Mr G. Karafotias (appointed 4 March 2011) | - | - |
| Mr E. Jiang (appointed 4 March 2011) | - | - |
| Mr W. Yao (appointed 3 May 2011) | - | - |
| Mr T. Crimins (appointed 3 May 2011, resigned 22 July 2011) | 1,500,000 | - |
| Mr A. Du (appointed 3 May 2011, resigned 22 July 2011) | - | - |

(1) Shares beneficially held in own name, in name of trust, or nominee company or private company unless otherwise indicated.

Other than 40,889 options issued to Jim Green as a subscriber for shares & options at 1.8 cents, there are no options on issue to Directors.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

ECSI's Directors are investigating a number of business opportunities with a view to acquiring an income generating business.

Further information has not been included in the annual financial report as the directors believe it would be likely to result in unreasonable prejudice to the Company.

REMUNERATION REPORT

The information in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

This remuneration report is set out under the following main headings

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A. Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amounts approved by shareholders from time to time. This maximum is currently set at \$250,000. In the past 4 years none of the Directors have received any incentive based remuneration.

Details of the nature and amount of each element of the emolument of each Director of ECSI and each of the five executive officers of the company receiving the highest emolument are set out in the following tables:

B. Details of remuneration

(a) Short-term employee benefits: Cash salary and fees

| | 2011 | 2010 |
|------------------|----------------|---------------|
| | \$ | \$ |
| Mr G.A. Green | 24,000 | 30,000 |
| Mr J. E. Green | 30,500 | 30,000 |
| Mr J. H. Y. Tan | 26,000 | 4,000 |
| Mr D. H. Low | 10,000 | 2,000 |
| Dr X. Huang | - | 5,792 |
| Mr G. Karafotias | 10,850 | - |
| Mr E. Jiang | 10,850 | - |
| Mr W. Yao | 7,350 | - |
| Mr T. Crimins | 4,400 | - |
| Mr A. Du | - | - |
| Total | 123,950 | 71,792 |

For the year ended 30 June 2011, no director received any other form of remuneration, 100% of remuneration being cash salary and fees (30 June 2010: 100%).

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B. Details of remuneration (cont'd)

(b) Shareholdings of Key Management Personnel

| | Balance at 1 July 2010 / date of appointment | Granted as remuneration | On exercise of options | On-market purchase | Balance 30 June 2011 / date of resignation |
|---------------------------------|---|----------------------------|---------------------------|-----------------------|---|
| | Ordinary Shares | Ordinary Shares | Ordinary Shares | Ordinary Shares | Ordinary Shares |
| Key management personnel | | | | | |
| G.A. Green | 32,568,689 | - | - | 2,350,240 | 34,918,929 |
| J.E. Green | 83,449,579 | - | - | 5,289,895 | 88,739,474 |
| J. Tan | - | - | - | - | - |
| D. Low | - | - | - | - | - |
| G. Karafotias | - | - | - | - | - |
| E. Jiang | - | - | - | - | - |
| W. Yao | - | - | - | - | - |
| T. Crimmins | - | - | - | - | - |
| Andrew Du | - | - | - | - | - |
| Total | 116,018,268 | - | - | 7,640,135 | 123,658,403 |

| | Balance at 1 July 2009 / date of appointment | Granted as remuneration | On exercise of options | Net other | Change | Balance 30 June 2010 / date of resignation |
|---------------------------------|---|----------------------------|---------------------------|---------------------|--------------------|---|
| | Ordinary Shares | Ordinary Shares | Ordinary Shares | Ordinary Shares | Ordinary Shares | Ordinary Shares |
| Key management personnel | | | | | | |
| G.A. Green | 48,068,689 | - | - | (15,500,000)* | - | 32,568,689 |
| J.E. Green | 83,568,690 | - | - | (119,111)** | - | 83,449,579 |
| J. Tan | - | - | - | - | - | - |
| D. Low | - | - | - | - | - | - |
| Xu Huang | 1,500,000 | - | - | - | - | 1,500,000 |
| Total | 133,137,379 | - | - | (15,619,111) | - | 117,518,268 |

* Shares sold to a third party

** Subscribed for 40,889 shares with 40,889 free attaching option and sold 160,000 shares to a third party.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the company would have adopted if dealing at arms length.

Emoluments of the five most highly paid executive officers of the company

ECSI has no executive officers that are not Directors of the Company.

C. Service Agreements

The Company does not have formal service agreements with its Directors and Company Secretary. Other Officers are employed under standard employment contracts. The Company currently does not have any employees.

D. Share based Compensation

The Company does not have formal agreements currently with its Directors and Company Secretary to provide share based compensation. The Company currently does not have any employees.

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DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| Name | Board Meetings | |
|------------------|----------------|-----------------|
| | Held (a) | Attended (b) |
| Mr J. H. Y. Tan | 4 | 4 |
| Mr D. H. Low | 4 | 4 |
| Mr G. Karafotias | 4 | 4 |
| Mr E. Jiang | 4 | 4 |
| Mr W. Yao | 4 | 4 |
| Mr T. Crimins | 4 | 4 |
| Mr A. Du | 4 | 4 |

(a) Number of meetings held during the time the Director held office during the period

(b) Number of meetings attended

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

NON – AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. During the year no non-audit services were performed.

OPTIONS

At the date of this report, the unissued ordinary shares of ECSI limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|------------|------------------|----------------|---------------------|
| March 2010 | 31 December 2012 | \$0.03 | 130,688,888 |

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other Company.

No issues were issued to directors and executives as remuneration.

During the year ended 30 June 2011, no ordinary shares were granted by exercise of option. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

ECSI Limited
ABN 68 004 240 313

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AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found attached to this report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'George Karafotias', is written over a horizontal line.

George Karafotias

Director – Melbourne 31 August 2011

31 August 2011

The Board of Directors
ECSI Limited
101 Rathdowne Street
CARLTON VIC 3053

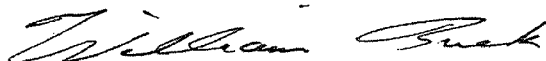
Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ECSI LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of ECSI Limited.

I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



William Buck Audit (VIC) Pty Ltd
ABN: 59 116 151 136



H.D. Paton
Director

**Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland**

Dated in Melbourne, Australia on this 31st day of August 2011

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
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Praxity
ASSOCIATE
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

Statement of Comprehensive Income

| YEAR ENDED 30 JUNE 2011 | Note | ECSI LIMITED | |
|---|------|--------------------|------------------|
| | | 2011 \$ | 2010 \$ |
| Revenue - Interest | | 5,757 | 15,443 |
| Administrative and corporate | | (344,743) | (317,494) |
| Depreciation of plant and equipment | | (1,808) | (1,808) |
| Due diligence | | (538,986) | - |
| Impairment | 3 | (1,200,000) | - |
| Occupancy | | (14,942) | (26,217) |
| LOSS BEFORE INCOME TAX | | (2,094,722) | (330,076) |
| Income tax expense | 4 | - | - |
| LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE COMPANY | | (2,094,722) | (330,076) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE COMPANY | | (2,094,722) | (330,076) |
| EARNINGS PER SHARE | | | |
| Basic earnings per share (cents per share) | 10 | (0.48) | (0.11) |
| Diluted earnings per share (cents per share) | 10 | (0.48) | (0.11) |

The accompanying notes form part of these financial statements

Statement of Financial Position

| AS AT 30 JUNE 2011 | Note | ECSI LIMITED | |
|-----------------------------------|------|----------------|------------------|
| | | 2011 \$ | 2010 \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7(b) | 254,267 | 1,739,934 |
| Goods and services tax receivable | | 58,843 | 19,203 |
| TOTAL CURRENT ASSETS | | 313,110 | 1,759,137 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 452 | 2,260 |
| TOTAL NON-CURRENT ASSETS | | 452 | 2,260 |
| TOTAL ASSETS | | 313,562 | 1,761,397 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 5 | 134,371 | 309,947 |
| TOTAL CURRENT LIABILITIES | | 134,371 | 309,947 |
| TOTAL LIABILITIES | | 134,371 | 309,947 |
| NET ASSETS | | 179,191 | 1,451,450 |
| EQUITY | | | |
| Issued capital | 6 | 93,165,250 | 92,342,787 |
| Accumulated losses | | (92,986,059) | (90,891,337) |
| TOTAL EQUITY | | 179,191 | 1,451,450 |

The accompanying notes form part of these financial statements

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2011

| | Issued Capital \$ | Accumulated Losses \$ | Total \$ |
|---|-------------------------|-----------------------------|------------------|
| As at 30 June 2009 | 90,141,486 | (90,561,261) | (419,775) |
| <i>Comprehensive income</i> | | | |
| Loss for the year | - | (330,076) | (330,076) |
| Total comprehensive loss for the year | - | (330,076) | (330,076) |
| <i>Transactions with owners, in their capacity as owners, and other transfers</i> | | | |
| Issue of Share Capital | 2,352,400 | - | 2,352,400 |
| Cost of issuing equity | (151,099) | - | (151,099) |
| Total transactions with owners, in their capacity as owners, and other transfers | 2,201,301 | - | 2,201,301 |
| As at 30 June 2010 | 92,342,787 | (90,891,337) | 1,451,450 |
| <i>Comprehensive income</i> | | | |
| Loss for the year | - | (2,094,722) | (2,094,722) |
| Total comprehensive loss for the year | - | (2,094,722) | (2,094,722) |
| <i>Transactions with owners, in their capacity as owners, and other transfers</i> | | | |
| Issue of Share Capital | 862,653 | - | 862,653 |
| Cost of issuing equity | (40,190) | - | (40,190) |
| Total transactions with owners, in their capacity as owners, and other transfers | 822,463 | - | 822,463 |
| As at 30 June 2011 | 93,165,250 | (92,986,059) | 179,171 |

The accompanying notes form part of these financial statements

Statement of Cash Flows

| YEAR ENDED 30 JUNE 2010 | Note | ECSI LIMITED | |
|--|------|--------------------|--------------------|
| | | 2011 \$ | 2010 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (353,148) | (477,090) |
| Interest received | | 5,757 | 15,443 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 7(a) | (347,391) | (461,647) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments to Alpha Wealth Financial Services Pty Ltd | 3 | (1,200,000) | - |
| Cash payments for due diligence | | (538,986) | - |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | (1,738,986) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 640,900 | 2,352,400 |
| Cost of shares issued | | (40,190) | (151,099) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | 600,710 | 2,201,301 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | (1,485,667) | (1,739,654) |
| Cash and cash equivalents at the beginning of financial year | | 1,739,934 | 280 |
| CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR | 7(b) | 254,267 | 1,739,934 |

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

The financial statements cover ECSI Limited. ECSI Limited is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

These financial statements have been prepared on a going concern basis notwithstanding that for the year ended 30 June 2011 the Company incurred an operating loss of \$2,094,722 (2010: loss of \$330,076) and its outflows from operations for the year ended 30 June 2011 of \$347,391 (2010: \$461,647) exceed its available working capital reserves, which at 30 June 2011 were \$178,739 (2010: \$1,449,190).

The Directors have forecasted that they will be able to access additional working capital through the proposed acquisitions and issue of share capital, subject to member and regulatory approvals, discussed in note 16. In the event that these acquisitions are not completed the Company has the capacity to significantly scale back its operating expenditures indefinitely. For these reasons, the Directors are satisfied that there are sufficient resources available to the Company to meet its financial obligations as and when they become due and payable over the next 12 months.

These 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 may be necessary should the Company be unable to continue as a going concern.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting Policies

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable Company or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which it operates. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of foreign controlled operations are converted to functional currency at the rate of exchange ruling at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency transactions and balances

The financial results and position of foreign operations whose functional currency is different from the company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the company's foreign currency translation reserve in the statement of financial position. These differences are recognised in the income statement in the period in which the operation is disposed.

(c) Cash and cash equivalents

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

(d) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(e) Trade and other payables

Liabilities for trade payables, accruals and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of assets

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

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

(g) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Company presently has no long service leave liabilities outstanding or accumulating.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Comparative Figures

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

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(n) Impairment

The company has assessed the recoverability of its deposits paid to Alpha Wealth Financial Services Pty Ltd and has determined that these deposits are no longer recoverable nor represent any future economic benefit to the Company. Accordingly, these deposits have been impaired to nil in these financial statements. For details of the assessment refer to note 3.

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2. ADOPTION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for the current and future reporting periods with the exception of these standards that are not available for early adoption for this reporting period, the Company has decided to adopt these standards. None of the changes in these standards had a material impact on the financial statements of the Company.

3. FINANCIAL ASSETS

| | 30 June 2011 \$ | 30 June 2010 \$ |
|--|--------------------|--------------------|
| Deposits paid to Alpha Wealth Financial Services Pty Ltd | | |
| -Chinaway Technology Ltd | 200,000 | - |
| -Alpha Wealth Financial Services Pty Ltd | 1,000,000 | - |
| | <u>1,200,000</u> | |
| Impairment of deposit paid to | | |
| - Chinaway Technology Ltd | (200,000) | - |
| - Alpha Wealth Financial Services Pty Ltd | (1,000,000) | - |
| | <u>-</u> | <u>-</u> |

For the year ended 30 June 2011 the Company paid a total of \$1,200,000 in two deposits to Alpha Wealth Financial Services Pty Ltd (2010: \$nil). These consisted of a deposit of \$1,000,000 paid for due diligence in respect of a proposed acquisition of Alphacoal Capital Pty Ltd, a company 100% owned by Alpha Wealth Financial Services Pty Ltd. A further \$200,000 was paid for a deposit in-connection with a proposed purchase of Chinaway Technology Limited, a company which is incorporated in China.

As at 30 June 2011, the directors have determined that these deposits were no longer recoverable and have impaired both deposits to \$nil.

Donald Low, a non-executive director of ECSI Limited from 2 June 2010 through to 18 January 2011, is also a Director of Atech Holdings Limited, which acquired Alpha Wealth Financial Services Pty Ltd on 29 October 2010. Alpha Wealth Financial Services Pty Ltd acted as consultant to ECSI Limited for the acquisitions of Alphacoal Capital Pty Ltd and Chinaway Technology Limited and charged \$24,327 in fees, in addition to the two deposits described above for the year ended 30 June 2011. All transactions which took place between ECSI Limited and Alpha Wealth Financial Services Pty Ltd were on normal arm's-length terms.

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| | Note | ECSI LIMITED | |
|--|------|--------------|------|
| | | 2011 | 2010 |
| | | \$ | \$ |

4. INCOME TAX

Tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

The total amount of tax losses not recognised as an asset at 30 June 2011 was \$928,357 (2010: \$299,940).

5. TRADE AND OTHER PAYABLES

Unsecured Liabilities

| | | |
|--|----------------|----------------|
| Trade payables | 134,371 | 88,194 |
| Loans from Directors and Director-related entities | - | 221,753 |
| | <u>134,371</u> | <u>309,947</u> |

6. ISSUED CAPITAL

Issued and paid up capital

| | | | |
|----------------------------|------|-------------------|-------------------|
| Ordinary shares fully paid | 6(a) | <u>93,165,250</u> | <u>92,342,787</u> |
|----------------------------|------|-------------------|-------------------|

(a) Movements in shares and options on issue

| | 2011 | | 2010 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | Number of shares | \$ | Number of shares | \$ |
| Balance at beginning of period | 422,338,474 | 92,342,787 | 291,649,586 | 90,141,486 |
| Shares issued during the year | 84,197,913 | 862,653 | 130,688,888 | 2,352,400 |
| Cost of shares issued during the year | - | (40,190) | - | (151,099) |
| Balance at end of the reporting period | <u>506,536,387</u> | <u>93,165,250</u> | <u>422,338,474</u> | <u>92,342,787</u> |

(b) Terms and conditions of issued capital

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. Ordinary shares have no par value and the company does not have a limited amount of authorised share capital.

| | ECSI LIMITED | |
|---|---------------------|------------------|
| | 2011 | 2010 |
| | \$ | \$ |
| 7. CASH FLOW INFORMATION | | |
| (a) Reconciliation of profit/(loss) after tax to the net cash flows from operations | | |
| Profit/(loss) after income tax | (2,094,722) | (330,076) |
| Non-cash flow in profit (loss) | | |
| Depreciation | 1,808 | 1,808 |
| Impairment | 1,200,000 | - |
| Due diligence | 538,986 | - |
| Changes in assets and liabilities | | |
| (Increase)/decrease in receivables & prepayments | (39,640) | (11,069) |
| (Decrease)/increase in trade and other payables | 46,177 | (122,310) |
| Cash flow from operating activities | <u>(347,391)</u> | <u>(461,647)</u> |
| (b) Reconciliation of cash and cash equivalents | | |
| Cash balance comprises: | | |
| - Cash at bank | <u>254,267</u> | <u>1,739,934</u> |

8. EXPENDITURE COMMITMENTS

Capital and operating expenditure commitments

| | 0 – 1 year | 1 – 5 years |
|--|-------------------|--------------------|
| | \$ | \$ |
| The company is currently under a lease agreement for the rental of the Rathdowne Street premises. The lease expires in April 2012. | <u>19,300</u> | <u>-</u> |

9. CONTINGENT LIABILITIES

There are no contingent liabilities at the date of signing this report (2010: Nil).

10. EARNINGS PER SHARE

The following reflects the profit (loss) and share data used in the calculations of basic and diluted earnings per share:

Earnings used in calculating basic and dilutive earnings per share:

| | | |
|---------------------------------------|--------------------|------------------|
| Profit/(loss) attributable to members | <u>(2,094,722)</u> | <u>(330,076)</u> |
|---------------------------------------|--------------------|------------------|

| | Number of shares | Number of shares |
|--|-------------------------|-------------------------|
| Weighted average number of ordinary shares used in calculating basic & diluted earnings per share: | <u>440,563,252</u> | <u>309,230,347</u> |

Share options on issue at year end are considered to be anti-dilutive potential ordinary shares and therefore the diluted earnings per share is the same as the basic earnings per share.

11. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of Key Management Personnel

(i) Directors

| | |
|---------------|--|
| G. Karafotias | CEO (appointed 4 March 2011) |
| G.A. Green | Managing Director & CEO (resigned 4 March 2011) |
| J.E. Green | Director & Chairman (non-executive) (resigned 4 March 2011) |
| J. Tan | Director (non-executive) (appointed 24 March 2011) |
| D. Low | Director (non-executive) (resigned 18 January 2011) |
| E. Jiang | Director (non-executive) (appointed 4 March 2011) |
| W. Yao | Director (non-executive) (appointed 4 May 2011) |
| T. Crimins | Director (non-executive) (appointed 3 May 2011, resigned 22 July 2011) |
| Andrew Du | Director (non-executive) (appointed 3 May 2011, resigned 22 July 2011) |

(ii) Compensation Practices

The Board of Directors of ECSI Limited is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments to such officers on a periodic basis by reference to relevant market conditions.

(b) Loans to key management personnel

There were no loans to key management personnel at the beginning or during the year (2010: nil).

(c) Other transactions and balances with key management personnel

No transactions outside of normal employee, customer or supplier relationships and no transactions which were not on normal terms and conditions were recorded during the period.

(d) Transactions with key management personnel

Jim Green participated in the equity raising to the extent of subscribing for 40,000 shares at 1.8 cents with a free attaching option exercisable at 3 cents and expiring 31 December 2012. Other than this there were no options held by directors at the beginning and end of the year. This subscription does not represent compensation.

| | Note | ECSI LIMITED | |
|---|------|---------------|---------------|
| | | 2011 | 2010 |
| | | \$ | \$ |
| 12. AUDITOR'S REMUNERATION | | | |
| Remuneration of the auditor of the company for: | | | |
| – Audits or reviews | | 17,500 | 16,821 |
| | | 17,500 | 16,821 |

13. RELATED PARTY DISCLOSURES

Director-related entities

Girvy Holdings Pty Ltd is a company owned by Mr J Green who is sole director. There were no transactions with Girvy Holdings during the year.

Badenada Pty Ltd is a company owned by Mr J Green and of which Mr G A Green & Mr J Green are directors. There were no transactions with Badenada during the year.

ROCZ Pty Ltd is a company owned by Mr G A Green of which Mr G A Green is sole director. Payments to ROCZ for the year amounted to \$33,954 (2010: nil)

All entities were used to hold loans with the company during the year (refer below)

During the financial year, Alpha Wealth Financial Services Pty Ltd ('Alpha') were commissioned by ECSI to raise equity and to advise and assist in the re-quotation of ECSI.

- Alpha was paid \$151,099 in commission for raising \$2,352,400 in equity from March to May 2010.
- Alpha was paid \$100,000 as a fee to advise on the acquisition of suitable business for ECSI to acquire.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Loans

Interest on loans provided by directors has not been accrued for the 2011 financial year and directors have foregone interest in this year. In the 2010 year interest was not accrued and directors have foregone interest in this year.

Accounts payable to directors and director related entities

As at year end the company held obligations to the following related parties (accrued through services at arms' length terms):

| | Amount outstanding as at June: | |
|------------------------|-----------------------------------|------------|
| | 2011 \$ | 2010 \$ |
| Graeme Green | - | 61,666 |
| James Green | - | 96,297 |
| Jeffrey Tan | - | 4,000 |
| Donald Low | - | 2,000 |
| Ben Xu | - | 20,792 |
| ROCZ Pty Ltd | - | 12,000 |
| Girvy Holdings Pty Ltd | - | 24,998 |
| | - | 221,753 |

14. SEGMENT REPORTING

The company operated in one business and geographic segment during the current reporting period that being investing and due diligence activities in Australia.

15. FINANCIAL INSTRUMENTS

The Company's principal financial instruments consist of cash and cash equivalents and accounts payable liabilities incurred in the course of operations as disclosed in the financial statements.

The company is primarily exposed to liquidity risk.

Treasury Risk Management

The management of treasury activities is centralised and governed by policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies and performance measurement

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Company monitors its cash requirements and raises equity funding as and when appropriate to meet such planned requirements.

Capital risk management

The Company objectives for managing capital are to:

- Ensure their ability to operate as a going concern
- Maximise returns to stakeholders by maintaining an optimal debt/equity structure via the issuance/redemption of debt or equity as appropriate.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Acquisition of African mining assets

On 8 July 2011 the Company resolved to progress the proposed acquisition of African mining assets by commencement of the preparation of the legal documentation necessary to give effect to the proposed transaction. The Company expects to execute the sale agreements after the completion of due diligence unless due diligence investigations identify any unforeseen issues that would have a material adverse impact on the value of the assets.

The African mining assets include the following:

- 4 uranium permits in Bir Moghreïn, Mauritania; and
- 100% of the share equity controlling the Hoasib Project located in Swakopmund, Namibia; the Company will acquire 70% of the equity from Green Mineral Resources Pty Ltd and the remaining 30% from Bastos Foundation Limited.

In order to complete the transaction, and following a share consolidation, the Company expects to issue 10,000,000 new ordinary shares at 20 cents a share under a Prospectus to raise \$2,000,000 and will additionally issue 150,000,000 new ordinary shares at 20 cents per share in order to raise an additional \$30,000,000 as part of the earn-out agreement payable to the vendors of the African mining assets.

The proposed changes to the existing capital structure of the company and the acquisition of the African mining assets are contingent upon the Company meeting all the necessary regulatory and shareholder and approvals, including a change in the Company's principal activities, as required by Chapters 1 and 2 of the ASX Listing Rules.

Other subsequent events

On 8 July 2011 ECSI decided not to proceed with the acquisition of Aus Décor Pty Ltd, Green Décor Pty Ltd and Pubsolar Pty Ltd.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

Other than the above listed transactions, there have been no events subsequent to the end of the reporting period that would have a material impact on the financial statements for the year ended 30 June 2011.

17. SHARE BASED PAYMENTS

On 16 July 2010 the Company issued 8,870,135 at 2.5 cents per share on market-based terms in consideration for \$221,753 in outstanding loans owing to Directors, including accrued interest thereon. As the value of the amounts outstanding to the Directors approximated the fair value of the amount outstanding, no adjustment was required in the profit and loss upon settlement of these loan accruals. For details of these director loans paid out refer to note 13.

18. COMPANY DETAILS

The registered address and principal place of business of the company is:
101 Rathdowne Street, Carlton VIC 3053

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 28, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and Corporations Regulations 2001, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



George Karafotias

Director

Melbourne

31 August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ECSI LIMITED

ABN 70 009 487 674

Report on the Financial Report

We have audited the accompanying financial report of ECSI Limited (the "Company") at the year's end, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**ECSI LIMITED (cont)**

ABN 70 009 487 674

Auditor's Opinion

In our opinion:

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

Inherent Uncertainty Regarding Continuation as a Going Concern

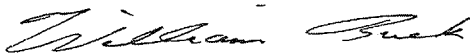
Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the going concern paragraph in note 1 to the financial statements, there is inherent uncertainty whether the economic entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

**William Buck Audit (VIC) Pty Ltd**

ABN 59 116 151 136

**H.D. Paton**

Director

Dated this 31st day of August, 2011

Additional Information

(a) Distribution of equity securities at 31 August 2011

The number of shareholders, by size of holding, in each class of share are:

| Ordinary Shares | | |
|------------------|-------------------|--------------------|
| | Number of holders | Number of shares |
| 1 - 1,000 | 29 | 23,278 |
| 1,001 - 5,000 | 246 | 795,818 |
| 5,001 - 10,000 | 122 | 1,054,512 |
| 10,001 - 100,000 | 435 | 18,312,682 |
| 100,001 and over | 270 | 486,350,097 |
| | 1,102 | 506,536,387 |

(b) Twenty largest shareholders at 31 August 2011

The names of the twenty largest holders of quoted shares are:

| Listed ordinary shares | | |
|---|--------------------|-------------------------------|
| | Number of shares | Percentage of ordinary shares |
| 1 Mr James Edward Green <The Jim Green Super Fund A/C> | 56,344,730 | 11.12 |
| 2 Mr Graeme Allan Green <The Graeme Green S/F A/C> | 34,918,929 | 6.89 |
| 3 ROCZ Pty Ltd | 30,340,000 | 5.99 |
| 4 Ya Fang Duo Investment Pty Ltd | 19,800,000 | 3.91 |
| 5 Bin Zou | 18,800,000 | 3.71 |
| 6 Xiao Bing Lu | 16,000,000 | 3.16 |
| 7 Mrs Jean Percy | 12,000,000 | 2.37 |
| 8 Dalian Develop Zone Guang Shun Economical Trade Co Ltd | 11,709,603 | 2.31 |
| 9 Jin Xin International Pty Ltd | 11,111,111 | 2.19 |
| 10 Wu Hua Auction Company Limited | 10,000,000 | 1.97 |
| 11 Liao Ning Construction Group Ltd | 10,000,000 | 1.97 |
| 12 Garang Pty Ltd | 9,024,596 | 1.78 |
| 13 Zhongming Wu | 9,000,000 | 1.78 |
| 14 Ashley Wayne Kelly | 7,900,000 | 1.56 |
| 15 Mrs Enea Stella & Mr Tony Stella <AM & EM Stella Ben Fund A/C> | 7,894,121 | 1.56 |
| 16 Bo Qiang | 7,500,000 | 1.48 |
| 17 Veslex Pty Ltd | 6,480,000 | 1.28 |
| 18 Ms Jenny Jia Meng | 5,555,556 | 1.10 |
| 19 S Ng Pty Ltd <Super Fund A/C> | 5,555,555 | 1.10 |
| 20 Mr Tony Stella & Mrs Enea Stella <Am & Ea Stella Benefit A/C> | 5,505,038 | 1.09 |
| | 295,439,239 | 58.33 |

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

| | Number of shares |
|--|------------------|
| Mr James Edward Green <The Jim Green Super Fund A/C> | 56,344,730 |
| Mr Graeme Allan Green <The Graeme Green S/F A/C> | 34,918,929 |
| ROCZ Pty Ltd | 30,340,000 |

(d) Restricted securities - There are no restricted securities on issue.

(e) Voting rights

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The options carry no voting rights until redeemed into ordinary shares of the company.

(f) Distribution of options at 31 August 2011

The number of shareholders, by size of holding, in each class of share are:

| | Options | |
|------------------|-------------------|--------------------|
| | Number of holders | Number of options |
| 1 - 1,000 | - | - |
| 1,001 - 5,000 | - | - |
| 5,001 - 10,000 | - | - |
| 10,001 - 100,000 | 1 | 40,889 |
| 100,001 and over | 66 | 130,647,999 |
| | <u>67</u> | <u>130,688,888</u> |

(g) Twenty largest option holders at 31 August 2011

The names of the twenty largest holders of unquoted options are:

| | Unlisted Options | |
|--|-------------------|-----------------------|
| | Number of Options | Percentage of Options |
| 1 Jin Xin International Pty Ltd | 11,111,111 | 8.502 |
| 2 Garang Pty Ltd | 9,722,222 | 7.439 |
| 3 Dr Hock Poh Tan & Mrs Rosalind Tan <Dr Hock Poh Tan Super A/C> | 8,888,888 | 6.802 |
| 4 Ontex Holding Limited | 6,666,667 | 5.101 |
| 5 Mrs Lihua Zhang | 6,666,667 | 5.101 |
| 6 Ms Jenny Jia Meng | 5,555,556 | 4.251 |
| 7 S Ng Pty Ltd <Super Fund A/C> | 5,555,555 | 4.251 |
| 8 Hock Poh Tan & Rosalind Tan | 3,888,888 | 2.976 |
| 9 Mr Peter Gebhardt & Mrs Carlene Gebhardt <Petard Super Fund A/C> | 3,000,000 | 2.296 |
| 10 Sa Capital Funds Management Limited <Sacfm No 1 Fund A/C> | 3,000,000 | 2.296 |
| 11 Mr Colin Ludwig | 3,000,000 | 2.296 |
| 12 Firikami Pty Ltd | 3,000,000 | 2.296 |
| 13 Dellta Pty Ltd <Slisd A/C> | 2,800,000 | 2.142 |
| 14 Faroc Investments Pty Ltd | 2,800,000 | 2.142 |
| 15 Leuchter Investments Pty Ltd <The Leuchter Family A/C> | 2,777,778 | 2.125 |
| 16 Chu Teoh | 2,777,778 | 2.125 |
| 17 Australian Trade Access Pty Ltd <Ata Super Fund A/C> | 2,000,000 | 1.530 |
| 18 Mr Danny Mai | 2,000,000 | 1.530 |
| 19 Gregory J Wood & Associates Pty Ltd | 2,000,000 | 1.530 |
| 20 Ks Capital Pty Ltd | 2,000,000 | 1.530 |
| | <u>89,211,110</u> | <u>68.261</u> |

Options entitle their holder to one vote, either in person or by proxy, at a meeting of the company on the issue of options only.

The options carry no voting rights until redeemed into ordinary shares of the company.

Corporate Governance Statement

1. Our approach to corporate governance

1a) Framework and approach to corporate governance and responsibility

The Board of ECSI Limited ('ECSI') is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities – values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

The Corporate Governance statement has been updated to reflect the revised Principles and Recommendations required to be used in Annual Reports for the 1 July 2010 to 30 June 2011 Financial Year.

1b) Compliance with the ASX Corporate Governance Principles and Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes ECSI's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

2. Date of this statement

This statement reflects our corporate governance policies and procedures as at 30 June 2011.

3. The Board of Directors

3a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Directors' backgrounds, is set out in the Directors Report on pages 2 & 3.

ASX Corporate Governance Principles and Recommendations: 2.5, 2.6

3b) Board role and responsibility

The Board is accountable to shareholders for ECSI's performance.

In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO");
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements);
- approving ECSI's risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with ECSI's auditors and regulators; and
- considering and reviewing the social and ethical impact of ECSI's activities, setting standards for social and ethical practices and monitoring compliance with ECSI's social responsibility policies and practices.

Corporate Governance (continued)

3. The Board of Directors (continued)

3b) Board role and responsibility (continued)

The Board would normally delegate to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing ECSI's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget; and
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board.

However the current circumstances require all these functions to be exercised by the Board Members or the Company Secretary. The company does not currently have a performance evaluation method due to the current size and limited nature of operations.

ASX Corporate Governance Principles and Recommendations: 1.1, 1.2, 1.3, 2.5

3c) Board size and composition

The Board determines its size and composition, subject to the limits imposed by ECSI's Constitution. The Constitution requires a minimum of three and a maximum of 10 Directors. In addition, at least two of the Directors shall ordinarily reside within Australia. Currently the Board consists of three directors, two of which are Australian residents.

3d) The selection and role of the Chairman

The Chairman is selected by the Board from the Non-executive Directors.

The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Board Directors.

The company does not currently comply with the requirement that the Chairman be an independent director, as he is a substantial shareholder. However, the current executive Chairman, George Karafotias is CEO, appointed 4 March, 2011, and the board believes that it is appropriate given his skills and experience and the size and structure of the board.

ECSI does not comply with the requirement that the roles of Chairman and CEO be separate.

ASX Corporate Governance Principles and Recommendations: 2.2, 2.3

3e) Directors' independence

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with ECSI, either directly, or as a partner, shareholder or officer of a company or other Company that has an interest, or a business or other relationship, with ECSI or another ECSI group member. The Board is represented by non-executive directors that satisfy this definition of independence.

Corporate Governance (continued)

3. The Board of Directors (continued)

Currently the board does not have a majority of independent directors and does not comply with the requirement to have a majority of independent directors. Notwithstanding this, the board believes that its current composition of directors is appropriate for ECSI, given the skills and experience of the directors.

ASX Corporate Governance Principles and Recommendations: 2.1, 2.5, 2.6

3f) Avoidance of conflicts of interest by a Director

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

3g) Meetings of the Board and their conduct

The Board meets formally at least four times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. This year the full Board has met 4 times. The Chairman and the Company Secretary establish meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year. The Directors and Company Secretary also maintain informal communications via email and phone.

3h) Succession planning

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and ECSI's future direction. The Board is also responsible for CEO and CFO succession planning.

3i) Review of Board performance

The Board does not formally review its overall performance or the performance of individual Directors. The performance of non-executive Directors (including the Chairman) is not subject to any formal review process due to the current size of the board.

ECSI does not comply with ASX recommendations on this issue.

ASX Corporate Governance Principles and Recommendations: 2.5, 2.6

3j) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Board as a whole. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election. It does not comply with the requirement to have a Nomination Committee. This is due to the current size of the board – 4 members – the Board does not consider there is any advantage to shareholders in creating a Nomination Committee in a Board consisting of 4 Directors.

ASX Corporate Governance Principles and Recommendations: 2.4, 2.5, 2.6

3k) Retirement and re-election of Directors

ECSI's Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

3l) Compulsory retirement of Directors

The Board has no limit on the number of terms of office which any Director may serve.

3m) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. ECSI Limited Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, ECSI's Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at ECSI's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

ASX Corporate Governance Principles and Recommendations: 2.5, 2.6

Corporate Governance (continued)

3. The Board of Directors (continued)

3n) Securities Trading Policy

Directors and employees are subject to the Corporations Act restrictions on trading securities in the Company if they are in possession of inside information. This is regarded as any information that is non-public and, if it were public that a reasonable person would expect to have a material effect on the price of the Company's securities.

In addition, the company has established a policy on the trading in ECSI's securities, which applies to all Directors and employees. Key aspects of this policy are as follows:

- Directors and employees are encouraged to be long-term holders of the company's securities and are discouraged from any short-term trading;
- Directors and employees may trade shares for 4 weeks following announcement of the annual results, half-year results and the annual general meeting, provided the market has been fully informed. However a trading embargo of 2 days applies immediately after any significant announcement;
- Directors and employees need to ensure that the market is fully informed before they trade and to protect themselves should discuss the intended share trading with the Chairman or Company Secretary;
- Trading outside of the four-week period is required to be approved by the Chairman, prior to any transaction occurring. Generally, if the market is fully informed, the approval will be granted.
- Directors are required to notify the Company Secretary within 2 days of a change in their beneficial interest in the company's shares.

ASX Corporate Governance Principles and Recommendations: 3.2, 3.3

3. Board committees

4a) Board committees and membership

There are currently no Board Committees. ECSI does not comply with ASX recommendations on Board committees as ECSI's current board size (a total of 3 Directors) and the limited number of independent Directors does not allow for separate Board Committees to be effective or to add value. All issues are considered by all the Directors, unless a Director is unable to exercise independence.

ASX Corporate Governance Principles and Recommendations: 2.4, 4.1, 4.2, 4.3, 4.4, 4.5, 8.1, 8.3

4b) Audit Committee

ECSI does not have an Audit Committee and it does not comply with the respective recommendations regarding Audit Committees for the reasons outlined above.

ASX Corporate Governance Principles and Recommendations: 4.1, 4.2, 4.3, 4.4, 4.5

4c) Board Risk Oversight Committee

ECSI does not have a Board Risk Oversight Committee and it does not comply with this recommendation for the reasons outlined above.

ASX Corporate Governance Principles and Recommendations: 7.1, 7.3

4d) Board Nominations Committee

ECSI does not have a Board Nominations Committee and any appointment would be considered by all directors. It does not comply with this recommendation for the reasons outlined above.

ASX Corporate Governance Principles and Recommendations: 2.4, 2.5

4e) Board Remuneration Committee

ECSI does not have a Board Remuneration Committee and does not comply with ASX recommendations on this issue for the reasons outlined above.

Directors have been paid a fixed remuneration in the past, however currently no director's fees are being paid or are being accrued. Directors would in past years have been paid a directors fee for attending Board Meetings, as well as being able to claim for out-of-pocket expenses and any time spent on special issues.

Corporate Governance (continued)

4. Board committees (continued)

ECSI remuneration principle is that payments to non-executive Directors (as detailed in the Financial Statements) are fixed remuneration, reimbursement of expenses and time spent on specific issues. The executive Directors are paid for their executive duties at a negotiated rate in line with their qualifications and experience. Full details regarding remuneration are contained in the audited Remuneration Report in the Director's Statement of the Annual Report.

ASX Corporate Governance Principles and Recommendations: 8.1, 8.2, 8.3.

4. Audit governance and independence

5a) Approach to audit governance

The Board is committed to these basic principles:

- ECSI must produce true and fair financial reports; and
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies.

5b) Engagement and rotation of external auditor

ECSI's independent external auditor is William Buck.

5c) Discussions with external auditor on independence

The Board requires the external auditor to confirm that they have maintained their independence.

5d) Relationship with external auditor

ECSI's current policies on employment and other relationships with our external auditor are:

- the audit partners and any audit firm employee on the ECSI audit are prohibited from being an officer of ECSI;
- an immediate family member of an audit partner or any audit firm employee on the ECSI audit is prohibited from being a Director or an officer in a significant position at ECSI;
- a former audit firm partner or employee on the ECSI audit is prohibited from becoming a Director or officer in a significant position at ECSI for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with ECSI or any officer of ECSI unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the ECSI audit and their immediate family members are prohibited from having a direct or material indirect investment in ECSI;
- officers of ECSI are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any Company with a controlling interest in ECSI; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of ECSI during that year.

5e) Restrictions on non-audit services by the external auditor

The external auditor is not restricted in the provision of non-audit services to ECSI except as required by the Corporations Act or the ASX Listing Rules.

5f) Attendance at Annual General Meeting

ECSI's external auditor attends the annual general meeting and is available to answer shareholder questions.

6. Controlling and managing risk

6a) Approach to risk management

Taking and managing risk are central to business and to building shareholder value. ECSI's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links ECSI's vision and values, objectives and strategies, and procedures and training. Due to the current size of the Company and its limited operations it is not appropriate to maintain a formal risk management structure.

ASX Corporate Governance Principles and Recommendations: 7.1

Corporate Governance (continued)

6. Controlling and managing risk (continued)

6b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing ECSI's risk management strategy and policy. The Company Secretary is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of ECSI's activities.

ECSI does not comply with ASX recommendations on these issues as it does not have a formal verifiable system of risk management or any employees to implement such a system as it does not view this to be appropriate at the current time. It relies on the oversight of the Directors and the Company Secretary, together with the periodic verification of the external auditor.

6c) Company Secretarial assurance

The Board receives periodic reports about the financial condition and operational results of ECSI. The CEO & the CFO periodically provide formal statements to the Board that in all material respects:

- the company's periodic financial statements present a true and fair view of ECSI's financial condition and operational results for those reporting periods, and
- that risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

ASX Corporate Governance Principles and Recommendations: 7.1, 7.2, 7.3, 7.4

7. Remuneration framework

7a) Overview

Director's remuneration is approved and fixed by shareholders. ECSI does not currently pay its Directors and Company Secretary a fixed remuneration. These Officers can claim reimbursement of out-of-pocket expenses incurred on behalf of ECSI and time spent on specific issues. The Company Secretary is paid for all his time on an hourly basis.

7 b) Officers Share Options

There are no Officers Share Options (OSO) granted over un-issued shares to directors or executives as part of their remuneration. The issue of any options would require approval by Shareholders.

Officers Share Options are designed to:

- further align the interests of officers and shareholders; and
- motivate officers to drive growth over the long-term for sustainable shareholder value.

ASX Corporate Governance Principles and Recommendations: 8.1, 8.2, 8.3

8. Corporate responsibility and sustainability

8a) ECSI's approach to corporate responsibility and sustainability

ECSI's aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, ECSI accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

ASX Corporate Governance Principles and Recommendations: 3.1

8b) ECSI's Code of Conduct

ECSI's currently does not have in operation a formally adopted Code of Conduct that applies to all Directors, executives and employees without exception. The intention of such a Code is to govern workplace and human resource practices, risk management and legal compliance, and ensure alignment to the Shareholders interests.

The Directors of ECSI's believe their core values of teamwork, integrity and performance ensure ethical outcomes and the alignment of the shareholders and Boards interests.

The ASX recommendations require that the Code of Conduct is reviewed periodically, specifically to reflect the ASX Corporate Governance Principles and Recommendations.

Corporate Governance (continued)

8. Corporate responsibility and sustainability (continued)

ECSI does not comply with ASX recommendations on this issue as the Board does not believe that a formal Code of Conduct is appropriate for the company at the current time. The Board however, endeavours to act ethically at all times, in line with its obligations under the Corporations Act and the ASX Listing Rules.

ASX Corporate Governance Principles and Recommendations: 3.1, 3.3

8c) Insider trading policy and trading in ECSI shares

Both Directors and employees of a Corporation are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company (including ECSI), if they are in possession of inside information.

Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

ASX Corporate Governance Principles and Recommendations: 3.2, 3.3

8d) Market disclosure policy and practices

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

ECSI is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. ECSI policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of ECSI's securities is disclosed.

ECSI currently does not maintain its own web site and relies on communication in this medium on the ASX Company Announcements platform carrying all the relevant information. In this respect it does not comply with Principle 6, but as all information it would carry on a Company web-site is carried on the ASX site it does not believe its stakeholders are disadvantaged.

ASX Corporate Governance Principles and Recommendations: 5.1, 5.2, 6.1, 6.2