

## **PRELIMINARY FINAL ACCOUNTS FOR YEAR ENDED 30 JUNE 2009**

**Friday, August 28, 2009:** Environmental Clean Technologies Limited (ASX:ESI) attaches the company's Preliminary Financial Statements for the year ended 30 June 2009. These accounts demonstrate a reduction in operating costs, the positive impact of a successful capital raising and acquisition of the Coldry technology, resulting in a Balance Sheet improvement of \$8.5million.

The Board and Management are confident of increased sales activity in financial year 2009/10 and provides an overview of the year's performance:

### Operating Performance

ECT has substantially reduced its core operating expenditure during the 2009 Financial Year, whilst reorganising the business to focus on delivering sales of Coldry production licenses into developing economies.

The commercialisation of Coldry has been substantially completed, with the company now anticipating that the Coldry process will deliver initial revenues, via the establishment of Regional Operating Companies with selected partners focusing on the penetration of defined local markets, by the end of the 2010 financial year.

### Significant Changes and Key Events

In Financial Year 2009 ECT purchased all rights to the Coldry Intellectual Property, while also extending the term of the Matmor Participation agreement to enable focus to be maintained on the generation of sales revenues from Coldry.

### Acquisition of Coldry Intellectual Property

On 29 June 2009, ECT completed the acquisition of all units in the Coldry Trust and shares in Maddingley Coldry via the payment of \$1 million cash, 55 million shares and 110 million options. ECT now owns the Coldry IP and is ready to bring this world-class technology to full commercialisation.

This acquisition has resulted in a significant Balance Sheet improvement and the solidification of ECT's future as the company moves forward in a much stronger position to progress on the many commercial opportunities in which it is engaged, and aligns the interests of all stakeholder parties and shareholders.

Arup, ECT's global engineering and design partner, and MacDow, have undertaken prefeasibility design and +/-10% feasibility study for the roll-out of Coldry production plants, which have identified substantial construction and OpEx savings that have enabled sales engagement through greater financial certainty with key investment partners.

### Matmor Intellectual Property

ECT has continued its research, development and testing of the Matmor process, which has demonstrated positive results. The company now anticipates a faster than anticipated path to commercialisation for this technology, with initial expectations being that the technology will reach the commercialisation stage by April 2010, following the conclusion of a gap analysis being prepared by Hatch and completion of an ensuing feasibility study for the construction of a 6000 t.p.a plant in Bacchus Marsh, Victoria.

#### Coldry Process

The world's first economic method for dewatering brown coal, creating a high energy pellet with significantly reduced CO2 emissions compared to brown coal, while being suitable for export as a black coal substitute.

#### Matmor Process

A one-step method for producing low-carbon iron from inexpensive, abundant brown coals and metal bearing media such as mill scale, nickel tailings and low grade iron ore.

Accordingly, the company has acted to extend the terms of its Participation Agreement via the issue of 12,500,000 shares at 4.0 cents per share (\$500,000), as it strongly believes that this technology will generate significant value for shareholders over the medium to long term, as well as representing an additional sales channel for Coldry pellets via the manufacture of the composite pellets required for the process

### Share Purchase Plan & Shortfall Raising

The Share Purchase Plan and subsequent Shortfall raising was the most successful capital raising activity in ECT's history and was completed on 10 June 2009, delivering a total of \$3,487,805.26 out of a maximum that was targeted of \$3,500,000.

This fundraising program has enabled the company to purchase the Coldry IP and to employ additional staff, and support resource, (including the imminent appointment of a Coldry Business Manager) that will allow the company to focus on pursuit of its global sales objectives and the establishment of profitable commercial operations.

### Coordination Agreement with Thang Long Investment and Commercial Joint Stock Company (TinCom)

ECT has signed a Coordination Agreement with Thang Long Investment and Commercial Joint Stock Company (TinCom), which seals the deal on the establishment of a Special Purpose Vehicle (SPV) to invest funds into a feasibility study for the construction of Coldry plant licensed to produce up to 100 million tonnes per annum of Coldry over the next five decades.

### The Future

This Preliminary Financial Statement confirms ECT is moving in a positive direction, ready to commercialise its flagship technology, Coldry, and successfully turn its global sales objectives into tangible results.

ECT has focused its reduced operational expenditure on the pursuit of sales growth in the near term and the Board and management believe that the Company is on track to deliver tangible results in the 2010 financial year, as ECT proceeds to realise its strategic plans from a solid financial base.

*For further information contact;*

*Chief Executive      Kos Galtos      +61 3 9684 0888.*

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited - ACN 009 120 405 (formally Environmental Solutions International Limited)

##### 1 Details of the reporting period and the previous corresponding period.

Reporting Period	Financial Year ending	30 June 2009
Previous Corresponding Period	Financial Year ending	30 June 2008

##### 2 Results for announcement to the market

###### 2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

Revenue from ordinary activities	\$	273,811
Previous corresponding period	\$	439,216
Percentage change up or down from the previous corresponding period of revenue from ordinary activities	%	-37.66%

###### 2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

Loss from ordinary activities after tax	\$	(478,932)
Previous corresponding period	\$	(3,473,180)
Percentage change up or down from the previous corresponding period of loss from ordinary activities after tax attributable to members.	%	86.21%

###### 2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.

Profit (loss) attributable to members	\$'000	(478,932)
Previous corresponding period	\$'000	(3,473,180)
Percentage change up or down from the previous corresponding period of net loss for the period attributable to members.	%	86.21%

###### 2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

No dividends proposed relating to the reporting period

## **Appendix 4E**

### **Preliminary final report**

#### **Environmental Clean Technologies Limited**

*(formally Environmental Solutions International Limited)*

**2.5** *The record date for determining entitlements to the dividends (if any).*

Not applicable

**2.6** **A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.**

Refer to separate media release lodged with this Appendix 4E.

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formally Environmental Solutions International Limited)

3 A consolidated income statement together with notes to the statement, prepared in compliance with AASB 101.

#### Income Statement

For the year ended 30 June 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Revenue from ordinary activities</b>	2	<b>273,811</b>	439,216
Material and subcontractor expenses		<b>(361,478)</b>	(925,740)
Matmor Extension		<b>(500,000)</b>	-
Employee benefits expense		<b>(477,940)</b>	(144,689)
Share Based Payments		-	(422,000)
Depreciation and amortisation		<b>(142,194)</b>	(211,061)
Occupancy expense		<b>(31,269)</b>	(145,197)
Patent fees		<b>(17,818)</b>	(12,149)
Corporate costs		<b>(1,054,663)</b>	(397,269)
Consultancy fees		<b>(350,941)</b>	(825,664)
Travel and accommodation		<b>(115,724)</b>	(80,659)
Insurance expense		<b>(28,733)</b>	(49,017)
Finance Costs		<b>(373,779)</b>	(344,402)
Other expenses from ordinary activities		<b>(178,204)</b>	(354,549)
<b>Loss before Income Tax Expense</b>	3	<b>(3,358,932)</b>	(3,473,180)
Income tax benefit	4	<b>2,880,000</b>	-
<b>Loss attributable to members of Environmental Clean Technologies Limited</b>		<b>(478,932)</b>	(3,473,180)

The above consolidated income statement should be read in conjunction with the accompanying notes

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formally Environmental Solutions International Limited)

4 A consolidated balance sheet together with notes to the statement. The balance sheet may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.

#### Balance Sheet

As at 30 June 2009

		Consolidated	
	Notes	2009	2008
		\$	\$
<b>Current Assets</b>			
Cash and Cash Equivalents Assets	5	886,581	324,433
Trade and Other Receivables	6	118,325	68,042
Other	7	89,402	-
<b>Total Current Assets</b>		<b>1,094,308</b>	<b>392,475</b>
<b>Non Current Assets</b>			
Property Plant & Equipment	8	316,465	437,316
Intangible Assets	9	9,600,000	-
<b>Total Non Current Assets</b>		<b>9,916,465</b>	<b>437,316</b>
<b>TOTAL ASSETS</b>		<b>11,010,773</b>	<b>829,791</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	1,063,017	330,199
Borrowings	11	1,677,749	-
<b>Total Current Liabilities</b>		<b>2,740,766</b>	<b>330,199</b>
<b>Non Current Liabilities</b>			
Borrowings	11	-	1,427,456
Other	12	661,000	-
<b>Total Non Current Liabilities</b>		<b>661,000</b>	<b>1,427,456</b>
<b>TOTAL LIABILITIES</b>		<b>3,401,766</b>	<b>1,757,655</b>
<b>NET ASSETS</b>		<b>7,609,007</b>	<b>(927,864)</b>
<b>Equity</b>			
Contributed Equity	13	37,716,486	28,700,683
Other reserves	14	1,195,346	1,195,346
Accumulated Losses	15	(31,302,825)	(30,823,893)
<b>TOTAL EQUITY</b>		<b>7,609,007</b>	<b>(927,864)</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

*(formally Environmental Solutions International Limited)*

5 a) *A statement of changes in equity together with notes to the statement. The statement of changes in equity may be condensed but must comply with the disclosure requirements of AASB 101*

#### Statement of Changes in Equity For the year ended 30 June 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Total equity at the beginning of the financial year</b>		<u>(927,864)</u>	<u>(2,159,564)</u>
Cost of Share Based Payments		-	422,000
Issue of shares by the Group		<u>9,015,803</u>	<u>4,282,880</u>
<b>Net income and expenses recognised directly in equity</b>		<u>9,015,803</u>	<u>4,704,880</u>
Loss for the financial year		<u>(478,932)</u>	<u>(3,473,180)</u>
<b>Total recognised income and expenses for the year</b>		<u>(478,932)</u>	<u>(3,473,180)</u>
<b>Total equity at the end of the financial year</b>		<u><u>7,609,007</u></u>	<u><u>(927,864)</u></u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formally Environmental Solutions International Limited)

- 5 A cash flow statement together with notes to the statement. The cash flow statement may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107 Cash Flow Statements, or for foreign entities, the equivalent foreign accounting standard.

#### Cash Flow Statement

For the year ended 30 June 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		197,291	10,953
Grants received		-	25,000
Payments to suppliers and employees (inclusive of GST)		(3,111,129)	(3,598,338)
Interest Paid		(137,553)	-
Interest received	2	41,186	13,054
<b>Net cash outflow from operating activities</b>	16	<u>(3,010,205)</u>	<u>(3,549,331)</u>
<b>Cash flows from investing activities</b>			
Repayment of Borrowings		-	(450,000)
Payments for property plant and equipment		(35,320)	(3,885)
<b>Net cash outflow from investing activities</b>		<u>(35,320)</u>	<u>(453,885)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issuing of shares		3,607,673	4,282,880
Net cash inflow from financing activities		<u>3,607,673</u>	<u>4,282,880</u>
<b>Net increase (decrease) in cash held</b>		562,148	279,664
Cash at the beginning of the financial year		324,433	44,769
<b>Cash at the end of the financial year</b>	5	<u>886,581</u>	<u>324,433</u>

The above statements of cash flows should be read in conjunction with the accompanying notes

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formerly Environmental Solutions International Limited)

Notes to Sections 3, 4 & 5.

#### 1. Summary of Accounting Policies

##### Statement of compliance

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, the Corporations Act 2001, Accounting Standards and Australian Accounting Interpretations and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2008 Annual Financial Report.

##### Basis of Preparation

The preliminary final report is to be read in conjunction with the 2008 annual report, the December 2008 half-year report and any public announcements made by Environmental Clean Technologies Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under the ASX Listing Rules.

The preliminary final report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's 2008 Annual Financial Report for the year ended 30 June 2008, other than as detailed below.

#### 2. Revenue

Notes	Consolidated	
	2009	2008
	\$	\$
<b>Revenue</b>		
Grants received	-	25,000
Miscellaneous income	-	588
Rental revenue from subleases	-	30,482
	<u>-</u>	<u>56,070</u>
<b>Other revenue</b>		
Interest received	41,186	13,054
Other	232,625	370,092
	<u>273,811</u>	<u>383,146</u>
	<u>273,811</u>	<u>439,216</u>

#### 3. Operating loss

	Consolidated	
	2009	2008
	\$	\$
<b>Net losses and expenses</b>		
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	<u>(142,194)</u>	<u>(211,061)</u>
Borrowing costs		
Interest and finance charges paid/payable	<u>(373,779)</u>	<u>(348,796)</u>
Rental expense relating to operating leases		
Minimum lease payments	<u>(31,269)</u>	<u>(145,197)</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited (formally Environmental Solutions International Limited)

Notes to Sections 3, 4 & 5.

#### 4. Income tax

	Consolidated	
	2009	2008
	\$	\$
Numerical reconciliation of income tax expense to prima facie tax payable		
Operating loss before income tax expense	<u>(3,358,932)</u>	<u>(3,473,180)</u>
Tax at the Australian tax rate of 30% (2007: 30%)	(1,007,680)	(1,041,954)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Tax benefit not recognised	-	1,041,954
Tax benefit as a result of an offset against the deferred tax liability booked on acquisition of the I.P	<u>(1,872,320)</u>	<u>-</u>
Income tax expense/(benefit)	<u>(2,880,000)</u>	<u>-</u>

#### 5. Current assets - Cash assets

	Consolidated	
	2009	2008
	\$	\$
Cash at bank and on hand	<u>886,581</u>	<u>324,433</u>

#### 6. Current assets - Trade and other receivables

	Consolidated	
	2009	2008
	\$	\$
Trade debtors	1,500	37,079
Allowance for doubtful debts	-	(37,079)
Prepayments	41,193	27,545
Goods and services tax (GST) recoverable	75,632	40,497
	<u>118,325</u>	<u>68,042</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formerly Environmental Solutions International Limited)

Notes to Sections 3, 4 & 5.

#### 7. Current assets - Other

	Consolidated	
	2009	2008
	\$	\$
Deposits paid	18,489	-
Other Debtors	43,163	-
Loan - Kos Galtos	27,750	-
	<u>89,402</u>	<u>-</u>

#### 8. Non-current assets

	Consolidated	
	2009	2008
	\$	\$
<b>Property, Plant &amp; Equipment</b>		
<b>Plant and equipment</b>		
At cost	669,721	655,764
Less: Accumulated depreciation	(353,256)	(218,448)
	<u>316,465</u>	<u>437,316</u>

#### 9. Intangible Assets

	Consolidated	
	2009	2008
	\$	\$
Patents/Intellectual Property	9,600,000	-
	<u>9,600,000</u>	<u>-</u>

#### 10. Current liabilities - Payables

	Consolidated	
	2009	2008
	\$	\$
Trade payables	353,838	99,308
Other payables	209,179	230,891
Matmor Extension	500,000	-
	<u>1,063,017</u>	<u>330,199</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited (formerly Environmental Solutions International Limited)

Notes to Sections 3, 4 & 5.

#### 11. Borrowings

	Consolidated	
	2009	2008
	\$	\$
<b>Unsecured</b>		
Convertible notes (classed as current liability from January 2009)	<u>1,677,749</u>	<u>1,427,456</u>

#### 12. Non Current Liabilities

	Consolidated	
	2009	2008
	\$	\$
Earn Out Creditor	<u>661,000</u>	<u>-</u>
	<u>661,000</u>	<u>-</u>

#### 13. Contributed equity

	Consolidated	
	2009	2008
	\$	\$
<b>Balance at the beginning of the year</b>	<b>28,700,683</b>	24,411,300
Issue of shares by the Group	<b>9,015,803</b>	4,282,880
Transfer of fair value of options exercised from Options reserve	-	6,503
<b>Balance at the end of the financial year</b>	<u><b>37,716,486</b></u>	<u>28,700,683</u>

#### 14. Other reserves

	Consolidated	
	2009	2008
	\$	\$
<b>Share option reserve</b>		
<b>Balance at the beginning of the year</b>	<b>427,497</b>	12,000
Fair value of options issued during the year	-	422,000
Transfer of fair value of options exercised to contributed equity	-	(6,503)
<b>Balance at the end of the financial year</b>	<u><b>427,497</b></u>	<u>427,497</u>
<b>Convertible note equity reserve</b>		
<b>Balance at the beginning of the year</b>	<b>767,849</b>	767,849
Equity component of convertible notes issues	-	-
<b>Balance at the end of the financial year</b>	<u><b>767,849</b></u>	<u>767,849</u>
<b>Total other reserves</b>	<u><b>1,195,346</b></u>	<u>1,195,346</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

*(formerly Environmental Solutions International Limited)*

*Notes to Sections 3, 4 & 5.*

#### 15. Accumulated losses

	Consolidated	
	2009	2008
	\$	\$
Accumulated losses at the beginning of the financial year	<b>(30,823,893)</b>	(27,350,713)
Net loss attributable to members of the Group	<b>(478,932)</b>	(3,473,180)
Accumulated losses at the end of the financial year	<u><b>(31,302,825)</b></u>	<u>(30,823,893)</u>

#### 16. Reconciliation of operating loss after income tax to net cash inflow from operating activities

	Consolidated	
	2009	2008
	\$	\$
Operating loss after income tax	(478,932)	(3,473,180)
Depreciation and amortisation	142,194	211,061
Debt Forgiven	-	(351,527)
Share Options Issued	-	414,473
Doubtful Debt Provision	-	37,079
Change in operating assets and liabilities		
(Increase)/Decrease in Trade debtors and receivables	(102,607)	22,339
(Decrease)/Increase in Trade creditors and accruals	3,449,550	(409,576)
Net cash outflow from operating activities	<u>3,010,205</u>	<u>(3,549,331)</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

(formerly Environmental Solutions International Limited)

Notes to Sections 3, 4 & 5.

#### 17. Segment reporting

The company operates within one business segment, being the research and development of dewatering and related technology, and in one geographic segment being Australia.

#### 18. Contingent Asset

Environmental Clean Technologies Limited is yet to lodge its 2007 and 2008 income tax returns and research and development tax concession schedules. The total claim (including the concession) is \$979,996 and \$906,517 respectively. The company has chosen to claim a refundable tax offset of \$367,499 for 2007 and \$339,944 for 2008 instead of a deduction.

The above amounts are subject to approval by the Australian Taxation Office.

#### 19. Events Subsequent to Balance Date

There have been no significant events subsequent to Balance Date.

#### 20. Business Combinations

##### (a) Summary of acquisition

On 29 June 2009 the parent entity acquired the units in the Coldry Trust and the shares in Maddingley Coldry Pty Ltd, the entities which own the Coldry intellectual property.

The acquired business contributed nil revenues and nil net profit to the Group for the period from 29 June 2009 to 30 June 2009.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$
Purchase consideration (refer to (b) below)	
Cash paid	1,000,000
Earn Out	661,000
Equity consideration	5,059,000
	<u>6,720,000</u>
Fair value of net identifiable assets acquired (refer to (c) below)	<u>6,720,000</u>
Goodwill	<u>-</u>

##### (b) Purchase consideration

	Consolidated	
	2009	2008
	\$	\$
Outflow of cash:		
Cash consideration	1,000,000	-
Earn out	661,000	
Deferred Tax Liability	2,880,000	
Equity consideration (shares & options)	5,059,000	-
	<u>9,600,000</u>	<u>-</u>

##### (c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair Value
	\$	\$
Intangible Assets: patents/intellectual property	-	9,600,000
(Less) Deferred Tax Liability	<u>-</u>	<u>(2,880,000)</u>
Net identifiable assets acquired	<u>-</u>	<u>6,720,000</u>

## Appendix 4E

### Preliminary final report

#### Environmental Clean Technologies Limited

*(formally Environmental Solutions International Limited)*

- 6 *Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.*

No payments made

- 7 *Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.*

No plans approved

- 8 *A statement of retained earnings showing movements.*

See Statement of Changes in Equity

- 9 *Net tangible assets per security with the comparative figure for the previous corresponding period.*

Reporting Period	Cents	<table border="1"><tr><td>1.30</td></tr></table>	1.30
1.30			
Previous Corresponding Period	Cents	<table border="1"><tr><td>(0.30)</td></tr></table>	(0.30)
(0.30)			

- 10 *Details of entities over which control has been gained or lost during the period.*

- 10.1 *Name of the entity.*

Coldry Trust  
Maddingley Coldry Pty Ltd

- 10.2 *The date of the gain or loss of control.*

29 June 2009

- 10.3 *Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.*

The acquired business contributed nil revenues and nil net profit to the Group for the period from 29 June 2009 to 30 June 2009.

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**Preliminary final report**

**Environmental Clean Technologies Limited**

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**11** *Details of associates and joint venture entities including the following.*

**11.1** *Name of the associate or joint venture entity.*

Not applicable

**11.2** *Details of the reporting entity's percentage holding in each of these entities.*

Not applicable

**11.3** *Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.*

Reporting Period	\$'000	<table border="1"><tr><td>N/A</td></tr></table>	N/A
N/A			
Previous Corresponding Period	\$'000	<table border="1"><tr><td>N/A</td></tr></table>	N/A
N/A			

**12** *Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.*

Refer to explanatory notes below

**13** *For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).*

Not applicable

## Appendix 4E

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**14** *A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.*

**14.1** *The earnings per security and the nature of any dilution aspects.*

	Consolidated <b>2009</b> <b>Cents</b>	2008 Cents
Basic earnings per share	<b>(0.14)</b>	(1.20)
Diluted earnings per share	N/a	N/a
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used as the denominator in calculating basic earnings per share	<b>354,009,534</b>	289,872,993
<b>Diluted Earnings per share</b>		
Weighted average number of shares used as the denominator in calculating diluted earnings per share	<b>(i)</b>	(i)
(i) Not materially different to basic earnings per share		

**14.2** *Returns to shareholders including distributions and buy backs.*

None made

**14.3** *Significant features of operating performance.*

Refer to section 2.6

**14.4** *The results of segments that are significant to an understanding of the business as a whole.*

The consolidated entity operated solely within the research and development of dewatering and related technology industry in Australia during the year.

**14.5** *A discussion of trends in performance.*

Refer to section 2.6

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**14.6** *Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.*

Refer to section 2.6

**15** *A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed*

This report is based on accounts that are in the process of being audited

**16** *If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.*

No change anticipated from the results reported

**17** *If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.*

No dispute or qualification known at the date of lodgement of this report.

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(Director)

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Print Name

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Date