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ENERGY TECHNOLOGIES LIMITED

(formerly Dulhunty Power Limited)

ABN 38 002 679 469

Annual Financial Report

for the year ended 30 June 2012

Corporate Information

ABN 38 002 679 469

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Directors

Martin H. Thomas (Chairman)

Alfred J. Chown (Managing Director)

Richard K. Llewellyn (Non-Executive Director)

Philip W. Dulhunty (Non-Executive Director)

Michael D. Butcherine (Non-Executive Director))

Company Secretary

Gregory R. Knoke

Registered Office

102 Old Pittwater Road

BROOKVALE NSW 2100

Bankers

Australia and New Zealand Banking Group Limited

347 Kent Street

SYDNEY NSW 2000

National Australia Bank Limited

NAB House, 255 George Street

SYDNEY NSW 2000

Share Register

Computershare Investor Services Pty Ltd

Level 3, 60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

Auditors

Gould Ralph Assurance

Chartered Accountants

Level 42, Suncorp Place

259 George Street

SYDNEY NSW 2000

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Chairman's Report

I am proud to report that the financial year concluding 30 June 2012 was both exceptional and positive for your company. Energy Technologies Limited (ASX: EGY) has reported a consolidated profit of $3,678,040 following the beneficial sale of substantially all of the assets of D Power International Limited, formerly Dulhunty Power International Limited (DPIL). The successful conclusion of this difficult, complex and drawn out transaction reflects considerable credit on my fellow directors, the company's senior management and its patient and loyal staff. Most importantly with the transaction behind us the way is clear for EGY's reconstruction in line with the Board's long term strategic plan.

The first step in realisation of this plan has been the successful 100% acquisition as a going concern of Bambach Wires & Cables Pty Limited (BWC). BWC, a previously privately owned special product cable manufacturing company active in several states of Australia, has a long and proud history since establishing its factory in Brookvale NSW in 1936. While yet too early to make informed comment on the outlook for BWC and its contribution to EGY, I am confident the capable mix of new and ongoing management and a new board of directors will be positive for shareholders. The new BWC board is chaired by Mr Tony Wingrove, a person of singular experience and proven ability in the Australian cable making business and previously a director of EGY. He is joined by fellow directors Mr Alfred Chown and Mr Michael Butcherine, Managing Director and independent non-executive director respectively of EGY.

Proceeds of the DPIL sale have also been applied to increasing EGY's interests in its associated entity Dulhunty Poles Pty Limited (DPPL). DPPL has successfully established its first 'two mast' manufacturing plant at Moolap near Geelong in south western Victoria to produce 'Titan' composite glass fibre reinforced concrete (GFRC) power distribution poles. Compared to traditional wood and reinforced concrete, Titan poles offer lighter weight, easier transport and handling, superior fire resistance, a lower carbon footprint, longer service life and pollution free final disposal.

Orders from electricity distribution utilities, notably Electricite´ de Tahiti but also a number of Australian utilities, however now exceed the capacity of the initial Moolap two mast factory. Considerable product development work is being undertaken to uplift mast production while attention is being given to the establishment of new plants to meet predicted demand growth.

During the year EGY provided support to DPPL by way of intercompany loans, convertible notes and guarantees. As at 30 June 2012 EGY owned 39.85% of DPPL and with options exercised subsequent to balance date have uplifted this to 45%. However EGY has recorded start-up losses incurred in DPPL against the carrying value of investment and loans, including investment in convertible notes.

Cogenic Pty Limited, our smallest 100% owned subsidiary, continues to explore the potential for new products including battery storage and gas fired combined heat and power (CHP) tri-generation systems which produce electricity, process heat and air conditioning at high efficiency. However commercial activity during the year has been minimal and will remain so until management and financial resources become available.

The cash proceeds from the DPIL sale completion represented approximately 4.2 cents per EGY share, a premium to the then market and a significant multiple of EBIT. Following the BWC acquisition and allowing for support given to DPPL, the remaining cash balance, surplus to EGY's immediate development needs, allows for a capital return to shareholders. Accordingly your directors have resolved to put this matter to shareholders at an Extraordinary General Meeting on 17 October 2012.

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Chairman's Report (Cont'd)

At the last Annual General Meeting I foreshadowed my intended retirement as your Chairman. EGY has now restructured to become a sharply focused holding company for its growing strategic investments. With BWC, Cogenic and DPPL now well established, EGY will seek further acquisitions and extend its product ranges where it can profitably do so. It will also seek proper recognition of its true value in the market. To this end it has appointed Mr Alfred Chown as Managing Director, following the retirement during the year of Mr Tony Wingrove who nevertheless remains Chairman of BWC and Managing Director of DPPL. Mr Chown has had a long and successful role as a director of EGY and brings significant understanding of the company and its potential to his new role. Mr Michael Butcherine remains a non-executive director and the Board in due course intends to elect one new non-executive director and to appoint its new Chairman.

Mr Philip Dulhunty OAM, an industry icon of high reputation and founder of the widely respected 'Dulhunty Brand', will resign as an EGY director effective 1 October 2012. Mr Richard Llewellyn, who has served on the Board for many years, has also indicated he will resign. I joined the DUL Board as Chairman in 2005 and likewise am resigning from the Board effective 1 October 2012. I remain for the time being Chairman of DPPL but intend soon to step down from that role. I am however pleased to advise that the Board has established an ongoing Advisory Panel to assist it in business and industry development matters. The Panel will initially comprise Mr Philip Dulhunty, Mr Tony Wingrove and myself as Chairman.

In closing this my last report as Chairman of your company, may I say what a privilege it has been to work with such a team of inspiring, dedicated, loyal, knowledgeable and hard-working people – directors, management and staff alike. I thank them all for their personal loyalty and enduring support.



Martin H Thomas AM
Chairman

Sydney, 28 September 2012

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Directors Report

Your Directors submit their report for the year ended 30 June 2012.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Martin H. Thomas AM FTSE HonFIEAust (Age 78) (Chairman) Appointed 13 October 2005.

Mr Thomas gained his degree in Mechanical Sciences from Cambridge University in 1957. He came to Australia in 1967 joining Merz Australia. Following a merger he became a Principal of Sinclair Knight Merz. Mr Thomas founded and served as chairman of Austenergy (1988-1994), chairman of the New South Wales Electricity Council (1988-1995), deputy chairman of Australian Inland Energy and Water (1996-2003) and chairman of the Sydney 2000 Olympic Energy Panel (1995-2000). With Austenergy Mr Thomas led missions through the Asia Pacific region to establish technological, institutional and potential export relationships. From 1995-1998 he was Managing Director of the Cooperative Research Centre for Renewable Energy (ACRE). He is a past Director of the Tyree Group, EnviroMission Limited and Alecto Energy Plc. He was President of the Institution of Engineers, Australia from 1991-1992 and elected a Fellow of the Australian Academy of Technological Sciences and Engineering in 1991. From 1992 to 1994 he was President of the Federation of Engineering Institutions of South East Asia and the Pacific. He was President of the Australian Institute of Energy from 2000 to 2002. He was awarded the James Kirby Memorial Award of the Institution of Electrical Engineers, Australasian Region in 1992 and in 2008 the Peter Nicol Russell Memorial Medal of Engineers Australia, its highest award. He was appointed a Member of the Order of Australia in 1993 for services to engineering and energy management and was awarded an Australian Centenary Medal in 2003. Mr Thomas is a member of the Audit Committee, Remuneration Committee, and the Nomination Committee.

Anthony J. Wingrove ARMIT, FAIMM (Age 68) Appointed 16 April 2007. Resigned 31 March 2012

Mr Wingrove joined Dulhunty Power in 2007 with the aim of identifying and completing suitable acquisitions intended to increase the footprint of the company in the infrastructure sector.

Mr Wingrove has long experience in metallurgical industries with an emphasis on electrical products and has advised companies operating in the transport, communication and electrical power sectors. He is a former director of Extruded Metals, Luke and Singer and Tycan Australia and was Group General Manager of the Pacific Dunlop Cables Group. In recent years he has advised many manufacturing companies, in particular, Pirelli Cables and Systems during the construction of the Basslink project. Mr Wingrove was a member of the Audit Committee and the Remuneration Committee up until his resignation as a director effective 31 March 2012.

Alfred J. Chown, B.Econ, (Age 51) (Managing Director) Appointed 4 July 1997.

Born in 1960, in Sale, Victoria, Mr Chown returned in 2012 from residing in Hong Kong. In 1987 he co-founded E.L. Consult Ltd an executive search provider that prior to being sold to the Clarius group (ASX:CND) and renamed Lloyd Morgan in March 2007, had an extensive network of offices throughout Hong Kong, China, Singapore and Malaysia. Mr Chown continues to provide his services to Lloyd Morgan in a regional role. In the early 1990's Mr Chown also co-founded Dulhunty Engineering Ltd and in 1997 this company established Dulhunty Yangzhou Line Fittings Co Ltd, a manufacturer of line fittings for the electric power transmission and distribution industry. In 2003 Mr Chown was the driving force to merge these businesses together with Dulhunty Industries Pty Limited of Australia to form Energy Technologies Limited. Mr Chown is a former Chairman of the Australian Chamber of Commerce in Hong Kong and has extensive commercial experience in both Australia and Asia. Mr Chown is also a member of the Remuneration and Nomination Committees of the company.

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Directors Report (Cont'd)

Names, qualifications, experience and special responsibilities (Cont'd)

Philip W. Dulhunty OAM (Age 88) (Non-Executive Director) Appointed 31 March 2003.

Founder of Dulhunty Power (Aust) Pty Limited, importers, exporters and distributors of electrical power transmission equipment. Honorary Life Member and distinguished member of the international electrical transmission industry body, CIGRE and Honorary Life Senior member of IEEE. Holder of Centenary Medal for Contribution to Australian Industry. Mr Dulhunty was also the recipient of the Institute of Engineering and Technology (IET) James N Kirby Medal in 2007. Mr Dulhunty is a member of the Nomination Committee.

Richard K. Llewellyn, (Age 61) (Non-Executive Director) Appointed 20 September 2005.

Company Director with 35 years experience in many senior marketing and management roles primarily in the financial services and IT&T sectors. CEO of an Australian IT company that grew 10 fold in five years. Vice president and member of the Executive Committee of a NYSE listed IT&T company. Over the past fifteen years involved in managing numerous corporate advisory and funding projects with a total value in excess of $A1 billion. National judge Telstra Small Business Awards. Founding fellow of the AICD and Fellow of AIM. Director and founder of Nextec Strategic Capital. Executive Director of Howitt & Co. Mr Llewellyn is a member of the Audit Committee.

Michael D. Butcherine (BEc (Hons)/LLB (Hons)) (Age 45) (Non-Executive Director). Appointed 14 December 2009

Michael Butcherine was born in Dubbo, New South Wales in 1967. He graduated from the University of Sydney with Honours in Economics in 1989 and Honours in Law in 1991. During his studies, he worked for the Commonwealth Bank and for a top-tier Sydney law firm. After graduation, he travelled overseas, including working for two legal firms in the City of London. On his return to Australia, Michael practiced with a commercial firm in Cairns, North Queensland. He returned to Dubbo in 1995 where he joined and subsequently became a principal of a local firm. His work was mainly in commercial property and business structuring and transactions. Since 2007, Michael has conducted a private practice, acting for a very limited number of clients, providing highly specific revenue, structuring, commercial and financial advice, both strategic and transaction-specific. Michael has completed the Graduate Diploma of Legal Practice, and the Graduate Diploma of In-house Legal Practice. He is a solicitor of the Supreme Court of New South Wales and the High Court, and a member of the Law Society of New South Wales, the Australian Corporate Lawyers Association and a Graduate Member of the Australian Institute of Company Directors.

COMPANY SECRETARY

Gregory R. Knoke, B. Com, CA (Age 59) (Company Secretary and Chief Financial Officer) Appointed 30 April 2003.

Director of Cogenic Pty Limited. Mr Knoke was a director of Energy Technologies Limited from May 2000 until 30 April 2003, resigned upon acceptance of the position of CFO. Born in 1952, educated at University of NSW and graduated in 1973 with major in accountancy, he holds a Bachelor of Commerce degree with merit. Mr Knoke is a Chartered Accountant and Associate member of the Institute of Chartered Accountants in Australia since 1979, an affiliate member of Chartered Secretaries of Australia and member of the Australia China Business Council. Business consultant and advisor, with extensive work experience throughout Asia and Europe, Mr Knoke spent 13 years in Hong Kong as Asian Group Financial Controller and Director for BIL Asia Holdings Limited and subsidiaries of the Brierley Investments Limited Group.

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Directors Report (Cont'd)

PRINCIPAL ACTIVITIES

EGY's principal activities during the year were:

- The manufacture and sale of electricity transmission and distribution products and services, anchor systems and foundry products;
- The development of energy generation technology, focused on developing products in the co-generation sector of the electricity supply industry;
- Investment in and support of Dulhunty Poles Pty Limited, which has established a new facility to develop and commercialise technology licensed from CMT Worldwide of Atlanta, USA, for production of distribution power poles;
- Identification and negotiation of the purchase of Bambach Wires and Cables Pty Limited, a business which manufactures specialist and industrial cables in Australia

There were significant changes in the nature of the operating activities of the consolidated entity during the year.
The sale of the business of the manufacture and sale of electricity transmission and distribution products and services, anchor systems and foundry products was completed during the year.

The purchase of Bambach Wires and Cables Pty Limited was negotiated and agreed during the year. It was settled after the end of the financial year.

The consolidated entity's objectives and targets to achieve for the 2013 financial year and beyond are:

- Continue to provide financial and other support to Dulhunty Poles Pty Limited (DPPL) to ensure successful development of the commercial production of the Titan power pole
- Assist DPPL to improve sales, revenue and profitability
- Integrate Bambach Wires and Cables Pty Limited (BWC) into the group
- Improve the market share of BWC, by organic growth, by expansion into new markets, and by development of new products
- Increase group revenue
- Further develop the intellectual property of Cogenic Pty Limited (CPL) to increase business for independent power supplies
- Consider strategic alliances in development of CPL's energy generation technology
- Drive sales of co-generation and related products by building on the intellectual property of CPL
- Acquire new products and businesses which meet the group's investment criteria
- Strategic restructuring of parent company to ensure most effective and efficient employment of key executives and employees

REVIEW AND RESULTS OF OPERATIONS

During the 2012 financial year, the management and financial resources of EGY were consumed in the sale of the significant business operations carried on under the DPIL group of companies, and the negotiation of the purchase of an exciting new subsidiary.

The headline sale price was $A17 million for the whole of the DPIL subsidiary operations. There were adjustments in accordance with the contract, for the pre-settlement trading performance of the group. Part of the sale price (and part of the expenses of sale) belong to the minority owners of DPIL. The sale was structured as a hybrid of share sale and asset disposal. As a result some of the companies in the DPIL group were retained and their remaining activities will be wound up over time. EGY received cash proceeds through dividend payments from DPIL amounting to $6,861,274.

The consolidated profit on the sale of the assets of DPIL was $10,165,666, after transaction costs of $1,310,316 and before minorities (Refer Note 9 and Note 30). There will be some residual impact on EGY's operations as the remaining companies in the DPIL group cease to operate and are disposed of in accordance with the terms of the contract of sale. No material cash impact on the company is expected.

During the year, EGY negotiated the purchase of Bambach Wires and Cables Pty Limited, Refer Note 14. Approximately $1,000,000 of the proceeds of the DPIL sale were employed in settling this transaction, post-balance date. This acquisition is dealt with in more detail below.

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Directors Report (Cont'd)

REVIEW AND RESULTS OF OPERATIONS (Cont'd)

Significant Changes in State of Affairs

This year has been one of significant change for the company.

First, the sale of the businesses of the DPIL group was approved by shareholders and then completed. The sale process had been an extremely protracted and demanding one, and it consumed many of the resources of the group while it was occurring. The sale price included components which required determination post-completion, so the work did not end on the day of completion. The sale saw the departure of most of the staff of the group, and the most significant part of its operations at that time. The group accounts reflect the trading of the DPIL group up until completion of sale. As stated above, despite the completion of the sale, there remain some contractual obligations between the company and the purchaser of DPIL assets. There will be a process of winding up the operations of DPIL and its remaining subsidiaries, which will continue over the next year or so. The EGY consolidated group net assets have decreased from $7.4m (FY2011) to $4.8m (FY2012) due mainly to the distribution of proceeds of sale of DPIL group including to non-controlling interests of $6,638,726.

Secondly, the company made a significant acquisition. In July 2012, the company agreed with the owners of Bambach Wires and Cables Pty Limited (BWC) to purchase the shares of the company. BWC is a significant Australian manufacturing company, which produces specialised and industrial cables. It has a great pedigree, having been owned by the family of its founder since 1936, and it is well-known in the industry. BWC will provide a great base for the expansion of the group's manufacturing operations, and a platform for enhancing the sales of other group products.

Continuing activities

The company has continued its support for DPPL, taking part in two convertible notes issues by that company. DPPL continues to improve its capacity to manufacture the fibre-reinforced concrete poles for which it has a licence. Sales of the poles have been sufficient to require continual improvement in the production volumes from the Geelong factory. As a start-up business, DPPL was expected to provide many challenges, and it has certainly done this. Nothing, however, has proved insurmountable, and there has been significant progress towards a well-established profitable business. The company continues to believe that DPPL has a bright future, and hopes to hear during the 2013 year that DPPL has become cash-flow positive.

Cogenic Pty Limited (CPL) continues to be a small but important part of the group. EGY is exploring opportunities to expand the product offering of CPL, in conjunction with other players in the co-generation and remote generation sector. At this stage, nothing concrete has occurred, but discussions continue.

Company Overview and Strategy

The sale of DPIL released liquid capital resources for the benefit of the group. The company was left with a substantial bank balance, an investment in Dulhunty Poles Pty Limited (DPPL) and a wholly-owned subsidiary Cogenic Pty Limited (CPL). There were ongoing obligations in relation to DPPL, and, in the company's view, significant potential yet to be realised from that investment. There were also some continuing obligations flowing from the DPIL sale.

In the period leading up to the completion of the sale, the Board and its advisors engaged in considerable discussion and planning about the best way forward for the EGY group. The resulting view was that to deliver the best results to its shareholders, the company should make the best use of its existing resources, which included strong industry knowledge, a good management and governance structure, existing investments with good potential and a market listing with supportive shareholders.

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Directors Report (Cont'd)

REVIEW AND RESULTS OF OPERATIONS (Cont'd)

Company Overview and Strategy (Cont'd)

The key focus for the company in the 2013 year is to use these things to improve the company's share price

The company intends to do this by:

a) Growth

The company goes into 2013 with a renewed focus on the generation of shareholder wealth through the growth of the scale of its operations. This is in addition to the generation of profits from the groups existing activities. The company intends to grow by; the organic growth of its existing operations, the addition of new products and services into its existing sales channels, and the acquisition of businesses related to those it already owns.

The company has developed and published investment criteria in relation to new products and business acquisitions. Likely targets will be identified through existing industry connections. To some extent, the process will depend on the opportunities that arise, but the company intends to actively seek them.

b) Stakeholder communication

The company intends to increase the level of communication about its operation, to shareholders and to other stakeholders, and its level of market visibility generally. A new website has been developed, and a newsletter will be introduced. Liaison with brokers and other market participants will increase.

c) Capital management and market activity

Capital which is not presently required for the company's activities should be returned to the company's shareholders. There is presently a proposal to be put to shareholders for their approval for the return of excess capital following the sale of DPIL.

The company intends to raise capital for the purpose of growth from its shareholders, probably for particular acquisitions or developments, once it has measurable results from its growth strategy. The company will also make appropriate use of loan funds.

The intention is that the capital base of the company should match the scale of its operations, and that capital should be raised in such as a way as to not dilute the interests of the existing shareholders of the company.

Review of Financial Position

The sale of DPIL operating group left the company with a strong balance sheet and reduced cash flow due to disposal of trading entities in the line fittings sector. The acquisition of BWC subsequent to balance date is expected to provide a new operating base with budgeted sales for financial year 2013 in excess of $10m.

Nevertheless, directors are acutely aware that the operations of the company need to be returned to a scale sufficient to support the unavoidable underlying costs of the listed company structure. The costs of the company are also being addressed in an aggressive fashion, and directors expect to make further cuts in this respect. However, the staff of EGY at balance date, including part-time and contracted staff, amount to 5 people, and directors are very aware that there are certain governance aspects of the listed structure which must not be compromised. The capacity to reduce costs is not unlimited.

The company will be reliant on cash flows from operations to fund its governance and compliance activities. Apart from being in accordance with good general capital management principles, directors consider that the proposed return of capital to shareholders will also operate as a discipline on the company, to ensure that its capital surplus is not eroded by operating expenses.

The company does not presently use any loan facilities, and has no requirement for them. Operating facilities will be established by BWC. There is capacity to establish facilities to assist with acquisition and growth.

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Directors Report (Cont'd)

REVIEW AND RESULTS OF OPERATIONS (Cont'd)

Impact of accounting standards – EGY, DPIL, DPPL, equity accounting and the subsidiary test

In simple terms, at 30 June 2012, EGY was holding a substantial amount of the proceeds of the DPIL sale in cash. Some of the cash had been invested in DPPL, by taking up convertible notes. Some would be required to settle the purchase of BWC, in accordance with the contract negotiated but not unconditional until 2 July. A large proportion was earmarked for return to shareholders, if approved by the EGM to be held on 17 October 2012.

At that time EGY was also the owner of 100% of CPL, 50.82% of DPIL and 39.85% of DPPL. The accounting treatment of each of the companies in which EGY owned shares is different.

CPL is a wholly-owned subsidiary of EGY. Its accounts are consolidated with its parent company.

DPIL is a partly-owned subsidiary of EGY. DPIL itself owned a number of operating companies including a part-owned foreign subsidiary. The sale of the DPIL business saw the disposal of a number of these companies on the completion of the sale. Some companies were retained, and some of them continued to carry on activities into the second half of the financial year, some of which have now ceased. The half-year financial results dealt with much of the impact of the sale, but there were aspects that remained to be dealt with during the second half of the financial year. EGY expects that, over time, the various remaining companies in the DPIL group will be wound up. EGY also expects that the costs of the winding up will be met from within the resources retained in DPIL for that purpose. The accounts of DPIL and its subsidiaries are consolidated with the accounts of the parent company, and the minority interest in shareholders' funds reported separately.

DPPL is not controlled by EGY and is not a subsidiary of EGY. It is for accounting purposes an associated entity and it is reported in the accounts of the EGY group on an equity basis. This means it is treated as an investment, but the value of the investment will be reduced to take into account losses in the associate company. DPPL has generated losses during its start-up phase. EGY's investment in DPPL has been written down through allocation of share of losses or impairment for the 2012 year. The business of DPPL continues to operate, and, in fact, continues to improve. DPPL's directors consider that it is a going concern. EGY regards its interest in DPPL as worthy of support, and considers that it will deliver value to EGY shareholders in the medium term.

BWC, having been acquired by EGY post-balance date, will be a wholly-owned subsidiary of EGY, and will be part of the future consolidated balance sheet of the group.

DIVIDENDS

No dividends were paid or recommended by the parent company EGY this financial year. However, the directors have resolved to return surplus capital of the company.

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Directors Report (Cont'd)

NON-AUDIT SERVICES

During the year Gould Ralph Pty Limited and associates of the Company's auditor performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

The reasons for this are that all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor and their associates for audit and non-audit services provided during the year are set out in note 6 to the financial statements. In addition, amounts paid to other auditors for the statutory audit have been disclosed in that note.

A copy of the lead auditors' independence declaration as required under Section 307C of the Corporations Act is included in the Directors' report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2012, the company completed its purchase of Bambach Cables and Wires Pty Limited (BWC), Refer Note 14. The purchase price is payable partly on completion, and partly over time in line with the trading performance of the company. The Board expects that the acquisition of the company will be earnings accretive from the time of acquisition.

Trading conditions in Australia generally, and in Australian manufacturing in particular are not buoyant. The environment is a difficult one. On the other hand, BWC has a long trading history, and our initial positive impression of the management and staff of that company has been borne out in the period following completion. EGY is wasting no time in integrating BWC into the EGY group, and EGY has moved its head office into the BWC factory at Brookvale.

In July 2012, Mr Alfred Chown accepted an appointment as Managing Director of the company.

During July and August 2012, the shareholders in DPPL were permitted to exercise certain put options set out in the shareholders' agreement which covers the operations of DPPL. The put options, if exercised, required EGY to purchase shares in DPPL from the shareholders. Shareholders holding a total of 157,500 DPPL shares exercised their options, requiring the outlay by EGY of approximately $217,000 in purchasing their shares. The shareholding of EGY in DPPL has now risen to 45% of the issued capital of DPPL.

In September 2012, the company gave notice of an Extraordinary General Meeting for the purposes of approving a return of capital to its shareholders. This meeting is to be held at BWC's Brookvale factory on 17 October 2012. The explanatory memorandum sent with the notice explains the proposed return of capital.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

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Directors Report (Cont'd)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors expect to integrate BWC into the EGY group during the 2013 financial year. This will bring some synergies from the combination of office and governance activities. As set out above in more detail, in relation to the company's strategy, the directors intend to grow the sales and product range offered by BWC during the year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The group operates a factory in Brookvale, Sydney which is required to comply with local planning laws, and with State and Commonwealth Environmental laws. The company considers that the factory's operation is currently compliant, and is not expecting any adverse impact as a result of the environmental regulation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has entered into Deeds of Indemnity and Access with persons who are an Officer or Director of the Company or a related body corporate, indemnifying such persons against a liability incurred by them in their capacity as an Officer or Director, including costs and expenses of defending legal proceedings and providing them with access to company records where a claim is made or threatened against such Officer or Director.

Insurance Premiums

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

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.

The company was not a party to any such proceedings during the year.

EMPLOYEES

The consolidated entity employed 5 employees as at 30 June 2012 (2011: 172 employees).

REMUNERATION REPORT

The remuneration report is set out on page 16 and forms part of the directors' report for the financial year ended 30 June 2012.

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Directors Report (Cont'd)

DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors'	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings held:	11	1	2	-
Number of meetings attended:				
Martin H. Thomas	11	1	2	-
Alfred J. Chown	11	1	-	-
Philip W. Dulhunty	10	-	-	-
Anthony J. Wingrove (Resigned 31 March 2012)	8	1	2	-
Richard K. Llewellyn	8	-	1	-
Michael D. Butcherine	11	-	-	-

Committee Membership

At the date of this report, the company's committees were comprised as follows:

Audit Committee:

- Richard K Llewellyn
- Martin H Thomas
- Michael D Butcherine

Nomination Committee:

- Alfred J Chown
- Philip W Dulhunty
- Martin H Thomas

Remuneration Committee:

- Alfred J Chown
- Martin H Thomas
- Michael D Butcherine

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Directors Report (Cont'd)

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The relevant interest of each director in the shares, and options over such instruments, issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Energy Technologies Limited		D Power International Ltd
	Ordinary Shares	Options	Ordinary Shares
Alfred J. Chown	25,410,691	-	59,724
Philip W Dulhunty	3,160,286	-	-
Martin H. Thomas	3,609,557	-	-
Richard K. Llewellyn	1,179,222	-	-
Michael D. Butcherine	1,183,157	-	-

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance principles are contained in the Corporate Governance Statement.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 29 and forms part of the Director's Report for the year ended 30 June 2012.

Signed in accordance with a resolution of the Directors.



Alfred J. Chown
Managing Director

Sydney, 28 September 2012

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Remuneration Report (audited)

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. Remuneration levels are set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The Remuneration Committee also assesses the appropriateness of the nature and amount of emolument 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. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Executive remuneration packages include a mix of fixed remuneration and performance based remuneration.

Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated and operating entity. A senior executive's remuneration is also reviewed on promotion.

Performance – linked Remuneration

The Remuneration Committee links the nature and amount of directors' and executives' emoluments to the company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Employee Bonus Plan, which currently provides incentives where specified criteria are met including criteria relating to profitability.

Performance linked remuneration includes both short term and long term incentives and is designed to reward executive directors and senior executives for meeting or exceeding financial and personal objectives. The short term incentive is an at-risk bonus provided in the form of cash, and is based on the relevant operating subsidiaries' results and on achieving a preset target. The long term incentive is provided as ordinary shares of Energy Technologies Limited or options over ordinary shares of Energy Technologies Limited under the rules of the Energy Technologies Limited (formerly Dulhunty Power Limited) Share Option Plan.

The remuneration structures result in and took into account:

- The overall level of remuneration for each director and executive
- The executive's ability to control performance
- The amount of incentives within each executive's remuneration.

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Remuneration Report (audited)

Short term incentive

Each half year the remuneration committee sets the key performance indicators, which generally include measures relating to the operating group, the relevant segment and the individual, and are based on financial, customer and strategy measures. The measures directly align the reward to the key performance indicators and the operating group performance. The financial performance objectives are operating group turnover and EBIT to working capital ratio analyses compared to budgeted amounts on a regional and consolidated basis. The non financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and business development.

The remuneration committee approves the cash incentive to be paid to the individuals.

Long term incentive

Options are available to be issued under the Energy Technologies (formerly Dulhunty Power) Share Option Plan (made in accordance with thresholds set in plans approved by shareholders at the 2008 AGM), and it provides for directors, executives and employees to receive options in total limited to 15% of the issued ordinary capital and exercisable strictly under the terms of the Plan.

The Board considers that the above remuneration structure is generating the desired result. The evidence for this was growth in turnover for the applicable controlled entities, and secondly, the performance linked element appears to be appropriate because the executives strive to achieve a level of performance which qualifies them for bonuses.

The remuneration for all non-executive directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $500,000 per annum. Director's base fees are presently up to $20,000. Directors receive additional cash benefit of $2,500 for participation and attendance at each board approved committee, up to a maximum $5,000.

Details of the nature and amount of each element of the emolument of each director of the company and each of the executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are disclosed in the table below.

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Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2012.

			Short-term benefits				Post Employment Benefits	Share-based payment	Total
2012			Cash, salary, fees & commissions	Cash Bonus[3]	Cash Bonus[4]	Other	Superannuation	Equity	
Specified Directors	**Position Held**	**Date Left**	$	$		$	$	$	$
Martin H. Thomas	Chairman	-	33,750	10,000		-	-	9,250	53,000
Alfred J. Chown	Director	-	251,833	70,000		-	-	12,500	334,333
Anthony J. Wingrove	Director	31 March 2012	116,750	30,000		-	1,688	-	148,438
Richard K. Llewellyn	Director	-	-	-		-	-	22,500	22,500
Philip W. Dulhunty	Director	-	20,577	-		-	-	12,500	33,077
Michael D. Butcherine	Director	-	-	80,000		-	-	20,000	100,000
Specified executives									
Gregory R. Knoke	CFO and Company Secretary of Energy Technologies Limited	-	164,520	-		13,037	36,607	20,000	234,164
Malcolm J. Munro	CEO of D Power International Limited	13 July 2012	105,769	50,000	31,050	-	12,314	-	199,133
Tee Hock Lee	Manager Dulhunty Power (Malaysia) Sdn Bhd	30 September 2011	45,778	-		944	6,867	-	53,589
John C. Roughan	Executive Director of D Power International Limited	30 September 2011	50,346	-		-	4,531	-	54,877
Peter W. Dulhunty	Sales Manager	30 September 2011	35,365	-	10,008	-	3,932	-	49,305
			824,688	240,000	41,058	13,981	65,939	96,750	1,282,416

1. The bonus portion of specified executives' remuneration that is performance based varies between 7% and 24% of the fixed salary portion of remuneration.
2. Revised bonus structures for executives and key staff have been put in place and will result in performance based payments to a maximum of 30% of fixed salary.
3. Bonus paid 17 October 2011 on successful completion of sale of the assets of subsidiaries and on completion of due diligence.
4. Bonus paid 27 September 2011 for successfully meeting key performance indicators.

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Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2011.

		Short-term benefits			Post Employment Benefits	Share-based payment	Total
2011		Cash, salary, fees & commissions	Cash Bonus[3]	Other	Superannuation	Equity	
Specified Directors	**Position Held**	$	$	$	$	$	$
Martin H. Thomas	Chairman	9,100	-	-	-	37,000	46,100
Alfred J. Chown	Director	161,000	-	-	-	25,000	186,000
Anthony J. Wingrove	Director	120,000	-	-	-	25,000	145,000
Richard K. Llewellyn	Director	-	-	-	-	22,500	22,500
Philip W. Dulhunty	Director	30,000	-	-	-	25,000	55,000
Michael D. Butcherine	Director	-	-	-	-	20,000	20,000
Specified executives							
Tee Hock Lee	Manager Dulhunty Power (Malaysia) Sdn Bhd	183,612	42,843	3,991	33,968	-	264,414
Brian C. Mathiesen	Manager Dulhunty Power NZ Ltd	175,438	12,392	-	-	-	187,830
John C. Roughan	Executive Director of D Power International Limited	222,557	27,000	9,262	22,242	-	281,061
Gregory R. Knoke	CFO and Company Secretary of Energy Technologies Limited	188,136	-	8,909	16,550	25,000	238,595
Malcolm J. Munro	CEO of D Power International Limited	227,769	19,619	15,964	21,998	-	285,350
		1,317,612	101,854	38,126	94,758	179,500	1,731,850

1. The bonus portion of specified executives' remuneration that is performance based varies between 7% and 24% of the fixed salary portion of remuneration.
2. Revised bonus structures for executives and key staff have been put in place and will result in performance based payments to a maximum of 30% of fixed salary.
3. Bonus paid 28 June 2011 for successfully meeting key performance indicators.

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Corporate Governance Statement

The Company's corporate governance practices are discussed below. The discussion is organised in accordance with the recommendations of the Corporate Governance Council.

The Board of Directors guides and monitors the business and affairs of Energy Technologies Limited and its subsidiaries ("the Group") on behalf of the shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for the overall corporate governance of the Group. To assist the Board in discharging its responsibilities the Board has adopted principles of corporate governance that are considered appropriate for the present size of the Group.

The information in this statement is current as at 31 August 2012.

The Corporate Governance statement is set out a little bit differently in this year's report. We have included each of the specific recommendations made by the Corporate Governance Council under each principle, and made a note about how the company addresses each recommendation. A longer explanation about the company's position is below each table.

Principle 1: Lay solid foundations for management and oversight

1.1	Establish the functions reserved to the Board and those delegated to senior executives, and disclose those functions	Adopted the recommendation
1.2	Disclose the process for evaluating the performance of senior executives	Adopted the recommendation
1.3	Provide information reporting on principle 1	Adopted the recommendation

Certain functions and roles are reserved to the Board, and certain others are delegated to the senior executives of the Group.

The Board is responsible for:

- formulating the vision and strategic direction and monitoring performance objectives of the Group
- overseeing and fostering an appropriate culture for the Group that is aligned to its values
- developing and monitoring adoption of the most appropriate principles of corporate governance
- reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance
- approving and monitoring the progress of major capital expenditure projects, funding programmes, acquisitions and divestments
- reviewing and approving annual business plans and budgets
- ensuring appropriate resources are available to senior executives
- reviewing and ratifying systems for health, safety and environmental management and controls
- appointing and evaluating the performance of senior executives
- appointing and creating succession policies for directors
- appointing, removing and creating succession policies for senior executives
- approving and monitoring financial and other reporting.
- ensuring corporate accountability to the shareholders primarily through an effective communications strategy and through the Chairman adopting the key interface role between the Company and its shareholders.

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Corporate Governance Statement (Cont'd)

A schedule of directors' meetings and attendances is detailed in the directors' report.

The Board has delegated responsibility for operation and day to day administration of the company to the Managing Director, the Chief Financial Officer and executive management.

The Managing Director is responsible for the achievement of the Company's goals, in accordance with the strategies and policies approved by the Board and with support from executive management. The specific duties of the Managing Director include:

- assisting the Board to develop the Company's Business Plan and goals
- responsibility for the achievement of these goals
- development in conjunction with senior management of short, medium and long term strategies to enable the Company to achieve its objectives
- preparation and update of business plans and relevant reports with senior management and implementation of those plans
- assessment of business opportunities including acquisitions
- proposing and controlling with Board approval items of material capital expenditure
- maintaining positive relationships with Board members, shareholders, trading partners and the investment community, including accepting the role of key spokesperson
- recommending and seeking appropriate approval for delegations of authority, key performance incentives and organizational changes, including key staff appointments, in conjunction with established board committees
- ensuring legal and regulatory compliance, in conjunction with senior management
- overall control of the staff appraisal process

The Board undertakes a review of the Managing Director and of senior executive performance at least annually, together with the Remuneration Committee, including setting targets. The performance evaluation is carried out in accordance with the policy and procedure set out in the Company's Corporate Governance documents, which are available on the Company's website.

Principle 2: Structure the board to add value

2.1	A majority of the Board should be independent directors	Adopted the recommendation
2.2	The chair should be an independent director	Adopted the recommendation
2.3	The roles of the chair and the chief executive office should not be exercised by the same individual	Adopted the recommendation
2.4	Establish a nomination committee	Adopted the recommendation
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors	Adopted the recommendation
2.6	Provide information reporting on principle 2	Adopted the recommendation

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Corporate Governance Statement (Cont'd)

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Board Composition

The composition of the Board is determined in compliance with the Company's constitution. The names of the directors of the company in office at the date of this report, their term of office and their skills, experience and relevant expertise are detailed in the directors' report.

The names of independent directors of the company are:

Martin Thomas (Chairman)

Richard Llewellyn

Philip Dulhunty

Michael Butcherine

An independent director is a director who is not a member of management and who:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the company or another group member
- is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company

The Company has a majority of independent directors on the board. The Chair is an independent director, and the roles of Chair and the Managing Director are exercised by different people.

The policies and procedures in relation to the Board are set out in the Company's Corporate Governance documents.

Board Processes

The Board has established a number of committees, including a nomination committee, a remuneration committee and an audit committee. The Board has also established a framework for the management of the Group including regular management committee meetings, internal control systems and the establishment of appropriate ethical standards.

The Charters and procedures of the various committees are set out in the Company's Corporate Governance documents.

Nomination Committee

The names and qualifications of those appointed to the nomination committee for the year ended 30 June 2012 and their attendance at meetings of the committee are included in the directors' report. This committee is involved in the overseeing of the appointment and induction process for new directors, committee members and senior management.

Corporate Governance Statement (Cont'd)

Evaluation of Board Performance

The Board monitors and evaluates its performance on an informal but regular basis. In particular, the composition of the Board is kept under regular review to ensure that the appropriate mix of skills and experience is available to the Board. Further, the size of the Board is under constant review, to ensure that it is commensurate with the scale of operations of the Group.

Principle 3: Promote ethical and responsible decision making

3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Adopted the recommendation
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and the progress in achieving them	Adopted the recommendation in part only. The company has not adopted particular targets, for the reasons set out below.
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	The company has not adopted particular targets, for the reasons set out below.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board	Adopted the recommendation
3.5	Provide information reporting on principle 3	Adopted the recommendation

Code of Conduct

The Company has developed a Code of Conduct, an Employee Handbook and a comprehensive suite of policies which have been approved by the Board and apply to all employees, officers and Directors. This set of policies is regularly reviewed and may be amended as necessary to ensure it continues to reflect the best practices necessary to take into account legal obligations, maintain the Company's integrity and comply with the reasonable expectations of the Company's shareholders. The Code of Conduct is disclosed in the Company's Corporate Governance documents.

Trading Policy

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Company's policy regarding directors and employees trading in its securities is set by the Board, and is disclosed in the Company's Corporate Governance documents. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's price.

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Corporate Governance Statement (Cont'd)

Diversity

The Company has adopted policies in relation to employment and recruitment which require the introduction of new staff and management of the Group's employees on a non-discriminatory basis. Hiring policies are backed by policies in relation to Sexual Harassment and Grievance and Dispute Handling.

The Group is quite small. The Company has owned Bambach Wires and Cables only since 2 July 2012, and there has been no staff turnover during that time. As a result of the small and well-established workforce, the Board does not envisage that new staff will be engaged in significant numbers in the short to medium term. This will restrict the capacity of the company to target new employees on a gender basis.

The Company's policies are intended to ensure that equal opportunity is given to all potential employees, and that increasing gender diversity at all levels will not be discouraged. The Board will keep the gender composition of its workforce under review.

Eighteen per cent (18%) of all the Group's employees are women. One-third of the Group's executives (including senior executives) are women. There are no women at a senior executive level or on the Board.

Principle 4: Safeguard integrity in financial reporting

4.1	Establish an audit committee	Adopted the recommendation
4.2	The audit committee should be structured so that it: • consists of only non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the Board • has at least three members	Adopted the recommendation
4.3	The audit committee should have a formal charter	Adopted the recommendation
4.4	Provide information reporting on principle 4	Adopted the recommendation

Audit Committee

The Board has established an audit committee. The names and qualifications of those appointed to the audit committee for the year ended 30 June 2012 and their attendance at meetings of the committee are included in the directors' report. The audit committee consists of a majority of independent directors and has at least three members. The Chief Financial Officer is invited to audit committee meetings at the discretion of the committee. The external auditor met with members of the committee at least twice during the year.

The charter of the audit committee is disclosed in the Company's Corporate Governance documents.

The responsibilities of the audit committee include:

- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review.
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

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Corporate Governance Statement (Cont'd)

Financial Reporting

To assist the Board in approving the Company's financial statements, the Managing Director and the Chief Financial Officer are required to present a declaration with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act.

Principle 5: Make timely and balanced disclosure and respect the rights of shareholders

5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Adopted the recommendation
5.2	Provide information reporting on principle 5	Adopted the recommendation

Disclosure

The Company has a Continuous Disclosure policy to ensure compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of any information which may have material effect on the price or value of its securities. The policy is disclosed in the Company's Corporate Governance documents. All ASX announcements are linked to the Company's website as soon as possible after confirmation from ASX, including financial statements.

Principle 6: Respect the rights of shareholders

6.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Adopted the recommendation
6.2	Provide information reporting on principle 6	Adopted the recommendation

Disclosure

The Company takes advantage of electronic communication for investor relations. The Company's website contains extensive information about the Board and management globally. It includes relevant press releases and media announcements in relation to the Company's operations, relevant announcements made to the market via the ASX, Company presentations and copies of financial statements. The Company has recently upgraded its website and further development to ensure continuous and full disclosure is currently under way.

The Board encourages full participation of attending shareholders at the Annual General Meeting to maintain a high level of accountability and allow shareholders to identify the Company's strategies and goals. The Company completes the Notice of Meeting and Explanatory Notes so that they provide clearly and concisely all of the information relevant to shareholders to enable them to make decisions on matters to be voted on at the meeting. The General Meetings are viewed as a tool to communicate with shareholders and the Company encourages and allows time for participation in the meetings. The external auditors are requested to attend each Annual General Meeting and be available for shareholder questions regarding the audit and the content of the audit report.

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Corporate Governance Statement (Cont'd)

Principle 7: Recognise and manage risk

7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies	Adopted the recommendation
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to the Board on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Adopted the recommendation
7.3	Disclose whether it has received assurance from the Managing Director and the CFO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Adopted the recommendation
7.4	Provide information reporting on principle 7	Adopted the recommendation

Risk Management

The group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to particular issues and risks identified by the Board as a whole, and the sub-committee further examines the issue and reports back to the board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Regular shareholder open days in addition to the AGM, attended by the Board and specified executives, which ensure that the Board is cognizant of the diverse needs of various stakeholders and assist in identifying the risks the business may face if those needs are not met. The Board holds ongoing discussion of issues raised in these meetings, to specifically review and update the corporate strategy as necessary.
- Board approval of a strategic business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board-approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of key performance indicators (KPI's) of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, such matters as occupational health and safety.
- Regular management meetings involving executive directors, specified executives, and staff during which reports are given on production, sales, financial, compliance and strategic issues and decisions taken on operating matters, or referred to the Board.
- Regular reports and cash forecasts from the CFO which assist in discharging the Board's responsibility to manage the Group's financial risks. The Board is advised on such matters as the Group's liquidity, available credit and currency exposures and monitors actions to ensure they are in line with Company policy.

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Corporate Governance Statement (Cont'd)

To assist the Board in approving the Company's financial statements, the Managing Director and the Chief Financial Officer are required to present a declaration with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act. The Board receives assurance from the Managing Director and the Chief Financial Officer that the declaration they make is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to reporting of financial risks.

Principle 8: Remunerate fairly and responsibly

8.1	Establish a remuneration committee	Adopted the recommendation
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	Adopted the recommendation
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Adopted the recommendation
8.4	Provide information reporting on principle 8	Adopted the recommendation

Remuneration Committee

The Board has established a remuneration committee. The remuneration committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and staff and directors themselves. It is also responsible for share option schemes, incentive performance packages, and compliance with superannuation requirements, termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies as applicable.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report. The remuneration committee in place for the year ended 30 June 2012 consisted of three directors but did not have majority of independent directors. The Chief Financial Officer is invited to remuneration committee meetings, as required, to discuss senior executives and staff performance and remuneration packages.

The charter in relation to the remuneration committee is disclosed in the Company's Corporate Governance documents.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Remuneration Policies

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the consolidated entity. The board considers that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long-term shareholder value.

The remuneration committee obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration includes a mix of fixed remuneration and performance-based remuneration. All senior executives receive a base salary, superannuation, fringe benefits and performance incentives. The remuneration committee reviews executive packages semi-annually by reference to company performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against criteria agreed half-yearly which is based on the forecast growth of the Company's turnover and profits and shareholders' value.

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Corporate Governance Statement (Cont'd)

A revised Directors Equity Plan was established in 2008 and approved by shareholders at the 2008 Annual General Meeting.

Executives and employees are also entitled to participate in the EGY Share Option Plan also approved by shareholders at the 2008 Annual General Meeting.

The Company's non-executive directors are paid directors' fees for their normal performance of duties as a director. Where there is a significant and sustained requirement for work by a director in excess of that considered normal for the Company, the Company will pay a one-off bonus in respect of that work.

The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components, are detailed in the note 5 to the financial statements.

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Auditor's Independence Declaration

GouldRalph
ASSURANCE

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28 September 2012

The Board of Directors
Energy Technologies Limited
102 Old Pittwater Road
BROOKVALE NSW 2100

Dear Members of the Board

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Energy Technologies Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;

(b) No contraventions of any applicable Code of Professional Conduct in relation to this audit.

This declaration is in respect of Energy Technologies Limited and any entities it controlled during the year.

GOULD RALPH ASSURANCE
Chartered Accountants



MALCOLM J BEARD, M.Com., F.C.A.
Partner

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Consolidated Income Statement

for the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Continuing Operations			
Sales Revenue	2a	**318,774**	797,982
Cost of Sales	3	**(322,680)**	(661,155)
Gross Margin		**(3,906)**	136,827
Rendering of services	2a	**48,890**	46,559
Other revenue	2b	**544,624**	228,913
Marketing expenses		**-**	(765)
Occupancy expenses		**(46,501)**	(45,765)
Administrative expenses		**(1,474,765)**	(1,570,922)
Finance costs	3	**(28,743)**	(83,502)
Impairment goodwill	17	**(545,473)**	-
Other expenses		**(72,644)**	(61,873)
Share of Net (Loss) of associate	15(b)	**(764,955)**	-
Loss from continuing operations before income tax		**(2,343,473)**	(1,350,528)
Income tax expense	4	**-**	-
Loss from continuing operations after income tax		**(2,343,473)**	(1,350,528)
Discontinued operations			
Profit from discontinued operations after tax	9	**9,487,831**	1,314,012
Profit/(Loss) for the year		**7,144,358**	(36,516)
Profit attributable to non-controlling interest		**(3,466,318)**	(396,358)
Profit/(Loss) attributable to members of the parent entity		**3,678,040**	(432,874)
Earnings per share			
Basic earnings per share (cents per share)	8	**2.27**	(0.28)
Diluted earnings per share (cents per share)	8	**2.27**	(0.28)
Basic earnings per share from continuing operations (cents per share)	8	**(1.37)**	(0.59)
Basic earnings per share from discontinued operations (cents per share)	8	**3.65**	0.32

The accompanying notes form part of these financial statements.

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Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Consolidated	
	2012 $	2011 $
PROFIT/(LOSS) FOR THE YEAR	**7,144,358**	(36,516)
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX:		
Movement in foreign exchange relating to translation of controlled foreign entities	**581,450**	(327,467)
Realised foreign exchange gains on disposal of controlled entities	**(2,332,752)**	-
Exchange differences on foreign exchange relating to minorities	**(575,874)**	(701,740)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(2,327,176)**	(1,029,207)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,817,182**	(1,065,723)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Members of the parent entity	**1,926,738**	(760,341)
Non-controlling interest	**2,890,444**	(305,382)
	4,817,182	(1,065,723)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position

as at 30 June 2012

	Note	Consolidated 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	**10**	**4,707,988**	1,575,705
Trade and other receivables	**11**	**496,451**	5,304,151
Inventories	**12**	**-**	4,331,297
Financial assets	**13**	**6,262**	24,601
Current tax assets	**21b**	**84,855**	-
Other current assets	**18**	**160,650**	337,677
TOTAL CURRENT ASSETS		**5,456,206**	11,573,431
NON-CURRENT ASSETS			
Property, plant and equipment	**16**	**21,458**	1,107,620
Investments accounted for using the equity method	**15**	**-**	-
Deferred tax assets	**21c**	**-**	118,102
Intangible assets	**17**	**1,934**	2,549,187
TOTAL NON-CURRENT ASSETS		**23,392**	3,774,909
TOTAL ASSETS		**5,479,598**	15,348,340
CURRENT LIABILITIES			
Trade and other payables	**19**	**573,457**	4,730,217
Financial liabilities	**20**	**-**	2,557,368
Current tax liabilities	**21a**	**-**	106,351
Short-term provisions	**22**	**38,420**	497,827
TOTAL CURRENT LIABILITIES		**611,877**	7,891,763
NON-CURRENT LIABILITIES			
Other long-term provisions	**22**	**30,526**	72,976
TOTAL NON-CURRENT LIABILITIES		**30,526**	72,976
TOTAL LIABILITIES		**642,403**	7,964,739
NET ASSETS		**4,837,195**	7,383,601
EQUITY			
Issued capital	**23**	**10,163,080**	10,074,580
Reserves		**(1,992,845)**	(241,543)
Accumulated losses		**(2,993,908)**	(6,671,948)
Parent interest		**5,176,327**	3,161,089
Non-controlling interest		**(339,132)**	4,222,512
TOTAL EQUITY		**4,837,195**	7,383,601

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Issued Capital	Reserves	Accumulated losses	Non-Controlling Interest	Total
	$	$	$	$	$
Consolidated					
Balance at 1 July 2010	**9,841,648**	**85,924**	**(6,239,074)**	**4,925,188**	**8,613,686**
Comprehensive income					
Loss for the year	-	-	(432,874)	396,358	**(36,516)**
Other comprehensive income (loss) for the year	-	(327,467)	-	(701,740)	**(1,029,207)**
Total comprehensive loss for the year	-	(327,467)	(432,874)	(305,382)	**(1,065,723)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued in lieu of directors fees	232,932	-	-	-	**232,932**
Dividends paid	-	-	-	(397,294)	**(397,294)**
Total transactions with owners, in their capacity as owners, and other transfers	232,932	-	-	(397,294)	**(164,362)**
Balance at 30 June 2011	**10,074,580**	**(241,543)**	**(6,671,948)**	**4,222,512**	**7,383,601**
Balance at 01 July 2011	**10,074,580**	**(241,543)**	**(6,671,948)**	**4,222,512**	**7,383,601**
Comprehensive income					
Profit for the year	-	-	3,678,040	3,466,318	**7,144,358**
Other comprehensive income for the year	-	(1,751,302)	-	(575,874)	**(2,327,176)**
Total comprehensive income for the year	-	(1,751,302)	3,678,040	2,890,444	**4,817,182**
Transactions with owners, in their capacity as owners, and other transfers					
Equity contribution	56,000	-	-	-	**56,000**
Shares issued in lieu of directors fees	32,500	-	-	-	**32,500**
Dividends paid	-	-	-	(6,638,726)	**(6,638,726)**
Derecognition of non-controlling interest upon disposal of subsidiary	-	-	-	(813,362)	**(813,362)**
Total transactions with owners, in their capacity as owners, and other transfers	88,500	-	-	(7,452,088)	**(7,363,588)**
Balance at 30 June 2012	**10,163,080**	**(1,992,845)**	**(2,993,908)**	**(339,132)**	**4,837,195**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**5,343,314**	24,622,220
Interest received		**136,453**	10,561
Payments to suppliers and employees		**(7,300,327)**	(24,055,448)
Finance costs		**(70,741)**	(237,140)
Income tax paid		**(46,012)**	(789,992)
Net cash provided by operating activities	**29a**	**(1,937,313)**	(449,799)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiaries		**16,701,443**	-
Transaction costs disposal of subsidiaries		**(1,310,316)**	-
Proceeds from sale of property, plant and equipment		**-**	1,853
Purchase of property, plant and equipment		**(101,336)**	(394,077)
Advances (to) from related parties		**(970,892)**	(119,033)
Net cash (used in) investing activities		**14,318,899**	(511,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**56,000**	-
Proceeds from borrowings		**-**	1,000,000
Repayment of borrowings		**(1,682,047)**	-
Dividends paid		**(6,811,965)**	(224,057)
Net cash provided by financing activities		**(8,438,012)**	775,943
Net increase/(decrease) in cash held		**3,943,574**	(185,113)
Cash at beginning of financial year		**700,384**	1,155,083
Effect of exchange rates on cash holdings in foreign currencies		**64,030**	(269,586)
Cash at end of financial year	**10**	**4,707,988**	700,384

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements are presented in Australian dollars unless otherwise stated.

The financial statements were authorised for issue on 28 September 2012 by the directors of Energy Technologies Limited.

Energy Technologies Limited is a listed public company, incorporated and domiciled in Australia.

(b) Statement of compliance

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

Except for cash flow information, 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.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Energy Technologies Limited (EGY) at the end of the reporting period. A controlled entity is any entity over which EGY has exercised the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is included in Note 14 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in the subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie. transactions with owners in their capacity as owners).

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(d) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Where measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in the profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase. A gain from a bargain purchase is accounted for in the income statement at the acquisition date.

(e) Foreign currencies

Both the functional and presentation currency of Energy Technologies Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year-end date.

All differences in the consolidated financial statements are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are:
D Power International Limited – Hong Kong Dollars
Dulhunty Power (NZ) Limited – New Zealand Dollars
Dulhunty Power (Thailand) Limited – Thai Baht
Dulhunty Power Line Fittings Co. Limited – Chinese RenMinBi
Dulhunty Power (Malaysia) Sdn Bhd – Malaysian Ringgit
Dulhunty Power Inc – US Dollars

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Energy Technologies Limited at the rate of exchange ruling at the year-end and the income statements are translated at the average exchange rates for the year.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings & Leasehold Improvements	4.5%
Plant and equipment	7.5% to 40%
Leased plant & Equipment	15% to 33.3%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

(g) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(h) Intangible assets

Intangible assets acquired separately are capitalised at cost as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of Patents, Computer Software and Licenses are assessed and amortised over their useful lives and amortisation charged is taken to the income statement.

Intangible assets are tested for impairment where an indicator of impairment exists either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(i) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(j) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair with changes in carrying value being included in profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(k) Inventories

Manufacturing

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials — purchase on a first in, first out basis;
- Finished goods and work-in-progress — cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(l) Recoverable amounts of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(m) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A provision for doubtful debts is made against specific trade receivables where collection of the debt, either in full or in part, remains uncertain. Bad debts are written off when identified.

(n) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand, in banks and money market investments readily convertible to cash within 2 working days.

(o) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. The interest in an associate is the carrying amount of the investment together with any long term interests that in substance form part of the investors net investment in the associate. In addition, the Group's share of the profit or loss of the associated company is included in the Group's profit or loss.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses until it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits. Once its share of the profits equals the share of the losses not recognised.

Details of the Group's investment in associates are provided in Note 15.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying consolidated benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(s) Revenue

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

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services
Revenue is recognised only to the extent of the expenses recognised that are recoverable.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(s) Revenue (Cont'd)

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(t) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(v) Contributed equity

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.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies (Cont'd)

(w) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, 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.

(x) Payables

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

(y) 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 group.

Key Estimates

i) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

iii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

iv) Associate Entity DPPL

The board of EGY has applied the following tests under AASB 127 in determining that it does not control the operations of DPPL:

- EGY does not own 50% or more of the voting power of DPPL.
- EGY does not have the power to govern the financial and operating policies under a statute or agreement.
- EGY is a party only to a shareholders agreement. The power to govern the finance and operating policies rests with the board of DPPL.
- EGY does not have the power to appoint or remove the majority of the board of DPPL.
- EGY does not have the power to cast the majority of votes at meetings of the board of directors.

Accordingly its investment in DPPL is accounted for under AASB 128 Investments in Associates.

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Notes to the Financial Statements

for the year ended 30 June 2012

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Note 2 Revenues from Continuing Operations

	Consolidated	
	2012	2011
	$	$
a) Revenue from Continuing Operations		
Sale of goods	**318,774**	797,982
Rendering of services	**48,890**	46,559
	367,664	844,541
b) Other Revenues from Continuing Operations		
Foreign exchange gains on unhedged transactions	**298,187**	13,655
Management Fees	**111,428**	186,044
Profit on Sale of Assets	**-**	28,073
Net gain on financial asset at fair value through profit and loss	**-**	895
Interest revenue	**134,821**	246
Other	**188**	-
Total Other Revenue from Continuing Operations	**544,624**	228,913

Note 3 Profit/(Loss) for the Year from Continuing Operations

Expenses		
Cost of sales	**322,680**	661,155
Finance costs:		
- Other persons	**28,743**	83,502
Rental expense on operating leases:		
- minimum lease payments	**55,346**	53,643
Foreign Exchange Losses	**73,536**	211,366
Depreciation	**12,213**	10,301

Notes to the Financial Statements

for the year ended 30 June 2012

Note 4 Income Tax Expense from Continuing Operations

	Consolidated	
	2012	2011
	$	$
(a) The components of tax expense comprise:		
Current tax	**-**	-
Deferred tax	**-**	-
Under (over) provision in respect of prior years	**-**	-
	-	-
(b) Reconciliation of the prima facie tax on profit/(loss) from continuing operations to income tax expense:		
Prima facie tax on (loss) from continuing operations before income tax at 30% (2011: 30%)	**(703,042)**	(405,159)
Add:		
Tax effect of:		
- other non-allowable items	**429,057**	52,724
- unrealised foreign exchange loss	**-**	-
- tax losses not brought to account *	**268,483**	355,010
- revaluation of investments	**5,502**	-
	703,042	407,734
Less:		
Tax effect of:		
- foreign currency exchange profit not subject to tax	**-**	(2,306)
- revaluation of investments	**-**	(269)
	-	(2,575)
Income tax expense on continued operations	**-**	-

*Current year tax losses unable to be offset within the group and not brought to account.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 5 Key Management Personnel Compensation

(a) Names and positions held of consolidated entity key management personal in office at any time during the financial year are:

Key Management Person	Position Held during the Year
Martin. H. Thomas	Chairman – Non-executive
Alfred. J. Chown	Managing Director of Energy Technologies Limited
Anthony. J. Wingrove (Resigned 31 March 2012)	Managing Director of Energy Technologies Limited
Richard K. Llewellyn	Director – Non-executive
Philip W. Dulhunty	Director – Non-executive
Michael D. Butcherine	Director – Non-executive
Peter W. Dulhunty	Sales Manager
Malcolm J. Munro	CEO of D Power International Limited
John C. Roughan	Executive Director of D Power International Limited
Gregory. R. Knoke	CFO and Company Secretary of Energy Technologies Limited
Tee Hock Lee	Manager Dulhunty Power (Malaysia) Sdn Bhd

(b) Compensation of Key Management Personnel

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	**1,119,727**	1,457,592
Post-employment benefits	**65,939**	94,758
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**96,750**	179,500
	1,282,416	1,731,850

Information regarding individual directors and executives' compensation and some equity instrument disclosures as permitted by the Corporations Regulations 2M 3.03 and 2M 6.04 are provided in the Remuneration Report section of the Directors' Report.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 5 Key Management Personnel Compensation (Cont'd)

(c) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1 July 2011	Granted as Compensation	Options Exercised	Options Expired	**Balance 30 June 2012**
Specified directors					
Martin. H. Thomas	750,000	-	(750,000)	-	-
Alfred. J. Chown	500,000	-	(500,000)	-	-
Anthony. J. Wingrove	500,000	-	-	(500,000)	-
Richard K Llewellyn	500,000	-	-	(500,000)	-
Philip W. Dulhunty	500,000	-	(500,000)	-	-
Specified executives					
Gregory R. Knoke	500,000	-	-	(500,000)	-
	3,250,000	-	(1,750,000)	(1,500,000)	-

The table above includes those options that have been forfeited by holders as well as options issued during the year under review.

(d) Shareholdings

Number of Shares held by Key Management Personnel	Balance 1 July 2011	Received as Remuneration	Purchases	Disposals	**Balance 30 June 2012**
Specified directors					
Martin. H. Thomas	2,859,557	-	750,000	-	3,609,557
Alfred. J. Chown	23,660,691	-	1,750,000	-	25,410,691
Anthony. J. Wingrove	3,397,890	357,143	501,400	-	4,256,433
Richard K Llewellyn	2,529,222	-	-	(1,350,000)	1,179,222
Philip W. Dulhunty	2,660,286	-	500,000	-	3,160,286
Michael D. Butcherine	1,053,157	-	130,000	-	1,183,157
Specified executives					
John C. Roughan	63,923	-	-	-	63,923
Gregory R. Knoke	6,239,471	571,429	-	-	6,810,900
Peter W. Dulhunty	6,081,000	-	10,000	-	6,091,000
Brian Mathiesen	1,465,039	-	-	-	1,465,039
	50,010,236	928,572	3,641,400	(1,350,000)	53,230,208

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 6 Auditors' Remuneration

	Consolidated	
	2012	2011
	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	**34,692**	94,465
— other services	**16,963**	7,124
	51,655	101,589
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report of subsidiaries	**16,184**	28,755
— other services	**1,299**	10,185
	17,483	38,940

Note 7 Dividends

No dividends have been paid or proposed by the Parent for the year ended 30 June 2012 (2011: Nil)

(a) Balance of franking account at end of year	-	-

The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 8 Earnings per Share

	Consolidated	
	2012	2011
	$	$
a. Reconciliation of earnings to profit or loss:		
Profit	**7,144,358**	(36,516)
Profit attributable to non-controlling entity interest	**(3,466,320)**	(396,358)
Earnings used to calculate basic and dilutive EPS	**3,678,038**	(432,874)
b. Reconciliation of earning to profit or loss from continuing operations:		
Loss from continuing operations	**(2,343,473)**	(1,350,528)
Loss attributable to non-controlling entity interest in respect of continuing operations	**122,156**	424,976
Earnings used to calculate basic and dilutive EPS from continuing operations	**(2,221,317)**	(925,552)
c. Reconciliation of earning to profit or loss from discontinued operations:		
Profit from discontinued operations	**9,487,831**	1,314,012
Profit attributable to non-controlling entity interest	**(3,588,476)**	(821,334)
Earning used to calculate basic EPS from discontinued operations	**5,899,355**	492,678
d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**161,771,994**	155,609,660
Weighted average number of dilutive options outstanding	**-**	-
Weighted average number of ordinary shares outstanding during the year used in calculation dilutive EPS	**161,771,994**	155,609,660

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Notes to the Financial Statements

for the year ended 30 June 2012

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Note 9 Discontinued Operations

On 12 October 2011, the consolidated group announced its decision to dispose of substantially all of its business assets held by D Power International Limited (formerly Dulhunty Power International Limited). The assets were sold based on a completion date of 30 September 2011.

This announcement was made subsequent to approval by the Group's shareholders.

Financial information relating to the discontinued operation to the date of disposal is set out below. The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	Note	Consolidated	
		2012	2011
		$'000	$'000
Revenue		**5,556,943**	23,449,479
Expenses		**(6,128,371)**	(21,491,623)
(Loss) Profit before income tax		**(571,428)**	1,957,856
Income tax expense	**c),d)**	**(106,407)**	(643,844)
(Loss) Profit attributable to the discontinued operation		**(677,835)**	1,314,012
Profit on sales of assets	**a)**	**10,165,666**	-
Income tax expense	**d)**	**-**	-
Profit on sales of assets after income tax	**29a,30**	**10,165,666**	-
Total profit attributable to the discontinued operation		**9,487,831**	1,314,012
The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flow, are as follows:			
Net cash inflow /(outflow) from operating activities		**(1,005,973)**	(118,014)
Net cash inflow /(outflow) from investing activities	**b)**	**15,344,417**	(1,024,060)
Net cash inflow /(outflow) from financing activities		**(1,120,129)**	976,242
Net cash increase (decrease) in cash generated by the discontinued operation		**13,218,315**	(165,832)

a) The gain on disposal of the controlled entities has been included in gain from discontinued operations per the consolidated Income Statement.

b)	Proceeds from disposal of subsidiaries	**16,701,443**	-
	Transaction costs disposal of subsidiaries	**(1,310,316)**	-
	Purchase of property, plant and equipment	**(81,023)**	(388,319)
	Advances from (to) related parties	**34,313**	-
	Dividends Paid by subsidiaries	**-**	(635,741)
		15,344,417	(1,024,060)

Notes to the Financial Statements

for the year ended 30 June 2012

Note 9 Discontinued Operations (Cont'd)

	Note	Consolidated 2012 $	Consolidated 2011 $
c) Income tax expense from discontinuing operations comprise:			
Current tax		**91,645**	671,732
Deferred tax	**21**	**-**	(27,218)
Under (over) provision in respect of prior years		**14,762**	(670)
		106,407	643,844
d) Reconciliation of the prima facie tax on profit/(loss) from discontinued operations to income tax expense:			
Prima facie tax on profit from discontinuing operations before income tax at 30% (2011: 30%)		**2,878,271**	587,357
Add:			
Tax effect of:			
- other non-allowable items		**13,707**	56,363
- unrealised foreign exchange loss		**118,150**	-
- tax losses not brought to account		**162,770**	297,488
- Sundry items		**1,513**	1,434
- Under provision for income tax in prior year		**14,762**	-
		310,902	355,285
Less:			
Tax effect of:			
- foreign currency exchange profit not subject to tax		**-**	(145,568)
- gain on disposal of subsidiary not assessable		**(3,049,700)**	-
- research and development allowance		**-**	(23,628)
- Effect of lower rates of tax on overseas income		**(33,066)**	(101,714)
- Over provision for income tax in prior year		**-**	(670)
- deferred income tax		**-**	(27,218)
		(3,082,766)	(298,798)
Income tax expense on discontinued operations		**106,407**	643,844

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Notes to the Financial Statements

for the year ended 30 June 2012

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Note 10 Cash and Cash Equivalents

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash at bank and on hand		**1,918,329**	1,575,705
Short term deposits		**2,789,659**	-
		4,707,988	1,575,705
Reconciliation of cash Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:			
Cash and cash equivalents		**4,707,988**	1,575,705
Bank overdrafts	**20**	**-**	(875,321)
		4,707,988	700,384

Note 11 Trade and Other Receivables

CURRENT

Trade receivables	**(a)**	**68,503**	4,818,701
Provision for impairment of receivables		**-**	-
		68,503	4,818,701
Other receivables		**231,871**	374,403
Amounts receivable from:			
— other related parties		**-**	81,476
— associated entity	**(b)**	**196,000**	29,571
— Goods and services tax receivable		**77**	-
		496,451	5,304,151

(a) Trade debtors are based on normal terms of trade, typically 30 days from end of month. Retention of title terms exist on sales.

(b)	Loan to Associated entity		**324,277**	77,399
	Losses applied against loan	**15**	**(128,277)**	(47,828)
			196,000	29,571

Note 12 Inventories

At cost		
Raw materials and stores	**-**	1,280,200
Work in progress	**-**	550,475
Finished goods	**-**	2,500,622
	-	4,331,297

Notes to the Financial Statements

for the year ended 30 June 2012

Note 13 Financial Assets

	Note	Consolidated 2012 $	Consolidated 2011 $
CURRENT			
Financial assets at fair value through profit or loss	**(a)**	**6,262**	24,601
		6,262	24,601

(a) Financial assets at fair value through profit or loss comprise:

CURRENT		
Listed investments at market value		
- shares in listed corporation	**6,262**	24,601
	6,262	24,601

Financial assets at fair value through profit or loss comprise investments in the ordinary shares of Firstfolio Ltd (ASX Code: FFF).

(b) Reconciliation of Movements in Assets at Fair Value:

Opening Balance	**24,601**	23,707
Net (loss) gain through Profit and Loss	**(18,339)**	894
Closing Balance	**6,262**	24,601

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 14 Controlled Entitles

(a) **Controlled Entitles Consolidated**	**Country of Incorporation**	**Percentage Owned (%)***	
Parent Entity:		**2012**	2011
Energy Technologies Limited	Australia		
Subsidiaries of Energy Technologies Limited :			
Cogenic Pty Limited	Australia	**100**	100
D Power International Limited (previously Dulhunty Power International Limited)	British Virgin Islands	**51**	51
D Power International Limited (Hong Kong Branch)	Hong Kong	**51**	51
Dulhunty Power (Aust) Pty Limited **	Australia	**-**	51
Duhunty Power (NZ) Limited **	New Zealand	**-**	51
Dulhunty Yangzhou Line Fittings Co Limited **	China	**51**	51
Dulhunty Power (Thailand) Limited **	Thailand	**-**	51
Dulhunty Power (Malaysia) Sdn Bhd **	Malaysia	**-**	51
Dulhunty Power, Inc **	USA	**51**	51
Dulhunty Power North America., LLC **	USA	**-**	51
M.F. Sales Co., LLC. **	USA	**-**	51

* Percentage of voting power is in proportion to ownership

** Loss of control of above entities took place on 30 September 2011

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 14 Controlled Entitles (Cont'd)

(b) **Acquisition of Controlled Entitles**

On 2 July 2012 the parent entity acquired 100% in Bambach Wires and Cables Pty Limited (BWC).

	Fair Value $
Purchase Consideration:	
- Cash	**1,000,000**
- Working Capital Adjustment	**1,911,138**
- Contingent Consideration[1]	**521,520**
	3,432,658
Less:	
- Receivables[2]	**1,692,509**
- Inventories	**2,276,935**
- Property, Plant and equipment	**1,398,536**
- Deferred Tax Assets	**206,560**
- Payables	**(756,594)**
- Provisions	**(496,433)**
- Financial Liabilities	**(173,622)**
Identifiable Assets acquired and liabilities assumed	**4,147,891**
Discount on acquistion[3]	**715,233**

1. Contingent consideration consists of additional contract payments made up of a deferred consideration of 2% of all sales of cable products, net of discounts and rebates for each of the year beginning 12 months after and 24 months after completion date (2 July 2012). This has been estimated at between $500,000 and $550,000 based on current conditions.

2. The directors believe receivables are fully recoverable and no provision for impairment is required.

3. The initial accounting for the business combination remains incomplete at the date of this report. In accordance with Australian Accounting Standards provisional amounts have been disclosed and these may be amended during the measurement period.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 15 Investment Accounted for Using the Equity Method

	Consolidated	
	2012	2011
	$	$
Associated Company	**-**	-
	-	-

An Interest is held in the following associated company

Name	Principal Activity	Country of Incorporation	Shares	Ownership Interest	Carrying Amount of Investment
Unlisted:				%	$
Dulhunty Poles Pty Limited	Manufacture & Sale of Glass Fibre Reinforced Cement Composite Power Poles	Australia	Ordinary	39.85	-
					-

(a) Movements During The Year in Equity Accounted Investment in Associated Company	**Note**	**Consolidated**	
		2012	2011
		$	$
Balance at beginning of the financial year		**-**	75,428
Subscription for Convertible Notes	**(c)**	**710,500**	-
Loans to Associates	**11(b)**	**128,277**	47,828
Share of associated company loss after income tax	**(b)**	**(838,777)**	(123,256)
Balance at end of the financial year		**-**	-

(b) Equity Accounted Loss of Associate is as follows:

Share of Associate (Loss) before income tax	**(838,777)**	(123,256)
Management Fees Charged	**73,822**	123,256
Share of Associate Income Tax expense	**-**	-
Share of Associate (Loss) after income Tax	**(764,955)**	-

Share of loss from associate has been accounted for after adjustment of management fee

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 15 Investment Accounted for Using the Equity Method (Cont'd)

(c) Current portion of Convertible notes in Associate entity have a maturity date 30 June 2013 (CN1). Non-Current portion of Convertible notes in Associate entity have a maturity date 30 June 2014 (CN2).

Convertible notes were offered at the rate of one note per share held. Convertible Notes were issued at $1.00 per note.

In CN1 EGY took up 1,000 notes. In CN2 EGY took up 709,500 notes.

	Consolidated	
	2012	2011
	$	$
(d) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates		
Current Assets	**970,378**	445,639
Non-current assets	**2,914,495**	2,480,488
Total Assets	**3,884,873**	2,926,127
Current Liabilities	**1,869,498**	697,511
Non-current liabilities	**714,832**	1,260,872
Total Liabilities	**2,584,330**	1,958,383
Net Assets	**1,300,543**	967,744
Revenues	**964,714**	10,869
Loss after income Tax of Associate	**(2,273,601)**	(1,290,590)

The share of associates losses not recognised at 30 June 2012 was $492,653 (30 June 2011 $425,400)

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 16 Property, Plant and Equipment

	Consolidated	
	2012	2011
	$	$
Land and Buildings		
Building & Leasehold Improvements at cost:	**-**	524,745
Less: Accumulated depreciation	**-**	(202,128)
	-	322,617
Plant and Equipment		
Plant and equipment at cost:	**51,511**	2,847,001
Less: Accumulated depreciation	**(30,053)**	(2,061,998)
	21,458	785,003
Total Property, Plant and Equipment	**21,458**	1,107,620

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Building & Leasehold Improvements	**Plant & Equipment**	**Total**
	$	**$**	**$**
Consolidated Entity:			
Carrying amount at the beginning of year	322,617	785,003	**1,107,620**
Additions	12,792	59,131	**71,923**
Disposals	(590,374)	(2,986,672)	**(3,577,046)**
Depreciation expense	(10,610)	(75,610)	**(86,220)**
Write-back on disposals	234,429	2,202,376	**2,436,805**
Foreign exchange differences on translation of overseas operation	31,146	37,230	**68,376**
Carrying amount at the end of year	-	21,458	**21,458**

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 17 Intangible Assets

	Note	Consolidated 2012 $	Consolidated 2011 $
Goodwill at cost		-	2,344,980
Trademarks, computer software and licenses at cost		2,525	586,523
Accumulated amortisation and impairment		(591)	(382,316)
Net carrying value		1,934	204,207
Total intangibles		1,934	2,549,187

Consolidated Entity:	Goodwill $	Trademarks, Software & Licenses $
Year ended 30 June 2012		
Balance at the beginning of the year	2,344,980	204,207
Additions	-	29,413
Disposals	(1,799,507)	(209,781)
Amortisation	-	(22,573)
Impairment due to winding down of DPIL operations	(545,473)	-
Foreign exchange differences on translation of self-sustaining operation	-	668
Balance at the end of the year	-	1,934

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are Included under depreciation and amortisation expense within administrative expenses per the income statement. Goodwill has an infinite life.

Impairment Disclosures

Goodwill is allocated to cash-generating units which are based on the group's reporting segment

	2012 $	2011 $
Energy segment	-	2,344,980

Subsequent to the sale by DPIL as reported in the half year to 31 December 2011, a review of the remaining Goodwill not previously written down on sale, from value in use calculations, has indicated that it is appropriate to fully impair $545,473 goodwill on the elimination of the investment in DPIL by EGY. This decision was based on there not being any consistent future earnings forecast for DPIL and assets within the entity having been distributed.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 18 Other Assets

	Note	Consolidated	
		2012	2011
		$	$
CURRENT			
Prepayments		**160,650**	337,677
		160,650	337,677

Note 19 Trade and Other Payables

CURRENT			
Unsecured liabilities:			
Trade payables		**189,024**	3,333,329
Sundry payables and accrued expenses		**384,433**	1,396,888
Amounts payable to:			
- associated entity		**-**	-
		573,457	4,730,217

Trade payables are based on normal terms of trade, typically 45 days from end of month.

Note 20 Financial Liabilities

CURRENT			
Secured liabilities:			
Bank overdrafts	**(a)**	-	628,961
Trade facility	**(a)**	-	246,360
Bank loans	**(b)**	-	1,106,612
		-	1,981,933
Unsecured liabilities:			
Directors loans		-	575,435
		-	575,435
Total Financial Liabilities		-	2,557,368
Total current and non-current secured liabilities:			
Bank overdrafts		-	875,321
Bank loan		-	1,106,612
		-	1,981,933

(a) The bank overdraft of $NIL (2011: $628,961), the trade facility for $NIL (2011: $246,360) and bank loans of $NIL (2011: $1,106,612) was secured by a fixed and floating charge over the assets of Dulhunty Power (Aust) Pty Limited and Dulhunty Power (NZ) Ltd, and a cross guarantee from D Power International Limited.

(b) A bank loan totalling $Nil (2011: $106,612) was secured over the building owned by Dulhunty Yangzhou Line Fittings Co Ltd and guarantee from D Power International Limited.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 21 Tax

	Note	Consolidated	
		2012	2011
		$	$
(a) **Liabilities**			
CURRENT			
Income Tax		**-**	106,351
TOTAL		**-**	106,351
(b) **Assets**			
CURRENT			
Income Tax		**84,855**	-
		84,855	-
(c) **Deferred Tax Assets**			
Deferred tax assets comprise:			
Provisions		**-**	118,102
Other		**-**	-
		-	118,102
(d) **Reconciliations**			
(i) **Gross Movements**			
The overall movement in the deferred tax account is as follows:			
Opening balance		**118,102**	90,884
Charge to income statement	**9**	**-**	27,218
Disposals		**(118,102)**	-
Closing balance		**-**	118,102
(ii) **Deferred Tax Assets**			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		**118,102**	90,884
Credited to the income statement		**-**	27,218
Acquisitions/Disposals		**(118,102)**	-
Closing Balance		**-**	118,102
Total Deferred Tax Assets		**-**	118,102

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 21 Tax (Cont'd)

	Consolidated 2012 $	2011 $
e) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 (t) occur		
Temporary differences	**27,007**	24,660
Tax losses: operating losses	**3,016,130**	2,757,941
Tax losses: capital losses	**1,368,908**	1,368,908

Note 22 Provisions

CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**325,323**	239,998
Additional provisions raised during year	**31,374**	85,325
Disposals	**(318,277)**	-
Balance at end of the year	**38,420**	325,323
Dividend provision		
Opening balance at beginning of year	**172,504**	-
Provision raised/(paid) during the year	**(172,504)**	172,504
Balance at end of the year	**-**	172,504
Total current provisions	**38,420**	497,827
NON CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**72,976**	72,155
Additional provisions raised during year	**8,333**	821
Disposals	**(50,783)**	-
Balance at end of the year	**30,526**	72,976
Analysis of Total provisions		
Current	**38,420**	497,827
Non-current	**30,526**	72,976
	68,946	570,803

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 23 Issued Capital

	Consolidated	
	2012	2011
	$	$
Number of Ordinary shares fully paid 164,263,758 (2011: 160,135,186):	**10,163,080**	10,074,580
	10,163,080	10,074,580

(a) Ordinary Shares

	No.	No.
At the beginning of reporting period	**160,135,186**	153,726,159
Shares issued during year		
- 21 July 2010	**-**	937,307
- 22 March 2011	**-**	3,567,308
- 29 June 2011	**-**	1,904,412
- 24 October 2011	**928,572**	-
- 9 December 2011	**1,750,000**	-
- 26 June 2012	**1,450,000**	-
At reporting date	**164,263,758**	160,135,186

On 24 October 2011, the company issued 928,572 ordinary shares at $0.035 per share for payment of director's fees under the director's equity plan.

On 9 December 2011, the company issued 1,750,000 ordinary shares at $0.032 per share pursuant to director's exercise of options under EGY Share options plan approved by shareholders.

On 26 June 2012, the company issued 1,450,000 ordinary shares at $NIL per share issued in satisfaction of contractual obligations pursuant to contracts between EGY and some shareholders in Dulhunty Poles Pty Limited made in relation to certain option arrangements in respect of shares in Dulhunty Poles Pty Limited. Refer Note 27

Terms and conditions:

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Note 24 Reserves

(a) Reserves

Consolidated reserves are exchange differences arising on translation of foreign controlled subsidiaries.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 25 Parent Entity Disclosures

a) Financial Position

	2012	2011
	$	$
CURRENT ASSETS		
Cash and cash equivalents	**4,416,432**	17,684
Trade and other receivables	**345,869**	124,237
Financial Assets	**6,262**	24,601
Other Current Assets	**123,160**	34,794
TOTAL CURRENT ASSETS	**4,891,723**	201,316
NON CURRENT ASSETS		
Financial Assets	**187,219**	4,774,706
Property, plant and equipment	**18,475**	2,684
Intangible assets	**1,934**	2,187
TOTAL NON CURRENT ASSETS	**207,628**	4,779,577
TOTAL ASSETS	**5,099,351**	4,980,893
CURRENT LIABILITIES		
Trade and other payables	**379,742**	253,369
Financial liabilities	**-**	575,435
Short-term provisions	**38,420**	27,012
TOTAL CURRENT LIABILITIES	**418,162**	855,816
NON CURRENT LIABILITIES		
Other long-term provisions	**30,525**	26,197
TOTAL NON CURRENT LIABILITIES	**30,525**	26,197
TOTAL LIABILITIES	**448,687**	882,013
NET ASSETS	**4,650,664**	4,098,880
EQUITY		
Issued capital	**10,163,080**	10,074,580
Accumulated Losses	**(5,512,416)**	(6,800,694)
Asset Revaluation Reserve	**-**	824,994
TOTAL EQUITY	**4,650,664**	4,098,880

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 25 Parent Entity Disclosures (Cont'd)

b) Financial Performance

	Year Ended 30/06/2012 $	Year Ended 30/06/2011 $
Profit (Loss) for the year	**1,288,278**	(155,488)
Other comprehensive Income	**(824,994)**	(779,886)
Total Comprehensive Income (Loss)	**463,284**	(935,374)

c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries $NIL (2011 $NIL)

d) Contingent Liabilities of the Parent Entity – Refer to Note 27

e) Commitments for the acquisition of Property, Plant and Equipment by the parent entity $NIL (2011 $NIL)

f) The directors of the Parent Entity have undertaken to ensure that the Company has sufficient funds to meet its financial obligations and maintain solvency

Note 26 Capital and Leasing Commitments

	Consolidated	
	2012	2011
	$	$
(a) **Operating Lease Commitments**		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	**-**	850,606
— between 12 months and 5 years	**-**	2,587,121
— more than 5 years	**-**	1,496,197
	-	4,933,924

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 27 Contingent Liabilities

John Fielding Limited

Previous financial statements of the company have noted a contingent liability to John Fielding Limited for services carried out prior to 30 June 1995 in regards to amendments to income tax returns. However in accordance with the contract no fee is payable until a cash benefit is received by the Company. At this stage no cash benefit has been received by the Company. The maximum liability is $130,241.

Bank Guarantee

The controlled entity indemnities previously provided by D Power International Limited (DPIL) to bankers in respect of bank guarantees given by the bank to third parties have now been removed.

The parent entity (EGY) has guaranteed the obligations of the associated entity, Dulhunty Poles Pty Limited (DPPL), under a $750,000 Asset Finance Facility arranged with the National Australia Bank (NAB). The Asset Finance Facility is secured by pole manufacturing plant and equipment owned by DPPL in excess of $1.5 million and a Fixed and Floating Charge held by NAB over all of the present and future rights, property and undertaking of DPPL. It is also a condition of the Asset Finance Facility that EGY provide a guarantee and a Fixed and Floating Charge over the rights, property and undertaking of EGY. In consideration of EGY having provided the guarantee and charge, DPPL has indemnified EGY against any loss and charge EGY may suffer or incur arising out of the guarantee or charge. The current maximum liability of DPPL under the facility including term charges is $519,732.

Since 30 June 2012 the parent entity (EGY) has guaranteed the obligations of newly acquired subsidiary Bambach Wires and Cables Pty Limited (BWC), under a financial accommodation facility arranged with the National Australia Bank (NAB). The Facility is secured by a security interest and a Charge held by NAB over all of the present and future rights, property and undertaking of BWC. It is also a condition of the financial accommodation that EGY provide a guarantee and indemnity for the maximum amount of $2,360,000 supported by a Charge over the rights, property and undertaking of EGY.

Lease Guarantee

The parent entity (EGY) has guaranteed the obligations of the associated entity, Dulhunty Poles Pty Limited (DPPL), as tenant under the terms of a lease over premises Lot 1, 35-39 Buckley Grove, Moolap, Victoria. The lease is for a period of ten years, with rent payments commencing 1st August 2010. Rent is subject to fixed annual review and the total rental per the lease agreement for the third year excluding outgoings is $297,050. DPPL is entitled to rental incentive rebates over the first three years of the lease.

Dulhunty Poles Pty Limited (DPPL) shareholders options

Under the terms of the Dulhunty Poles Pty Limited Shareholders' Agreement, EGY had granted to each holder of Stapled Shares in DPPL the option to sell all or half of their shares in DPPL to EGY at an agreed purchase price. This option exercise period was between 1 July 2012 and 31 August 2012.

EGY made an announcement on 2 April 2012 in relation to the reduction of the contingent liability arising out the DPPL shareholders' agreement and option. That announcement was to the effect that the relevant contingent liability had been reduced from approximately $2,501,000 to approximately $1,600,000.

EGY further announced on 21 June 2012 that it had reached agreement with several shareholders in DPPL in relation to the rights of those shareholders under the shareholders' agreement. In return for the issue of 1,450,000 ordinary shares in the company, those shareholders agreed that they will not exercise their option to call upon EGY to buy their shares in DPPL. This agreement resulted in the further reduction of EGY's contingent liability from approximately $1,600,000 to approximately $650,000.

Subsequent to 30 June 2012 three shareholders in DPPL exercised their option to call upon EGY to purchase a total of 157,500 shares in DPPL for total $216,878. The contingent liability is now extinguished.

Sale of Assets of DPIL

Some contractual obligations between the company and the purchaser of DPIL assets remain post completion. This includes the winding up entities no longer required. No material cash impact on the company is expected.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 28 Segment Reporting

Primary reporting - Business segments

The group's primary business segment is Energy Infrastructure products. Therefore the segment details are fully reflected in the results and balances reported in the Income Statement and Statement of Financial Position.

Segment accounting policies

Inter-segment pricing is determined on an arms-length basis and are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Secondary reporting - Geographic segments

	Segment Revenues from External Customers		Carrying Amount of Segment assets		Acquisitions of Non-current Segment Assets	
	2012	2011	**2012**	2011	**2012**	2011
	$	$	**$**	$	**$**	$
Geographical location:						
Asia	**4,642,143**	14,087,184	**567,318**	12,988,575	**44,586**	150,945
Australia	**2,514,557**	10,542,474	**6,541,196**	10,274,935	**56,471**	208,818
New Zealand	**556,725**	4,079,862	**-**	1,436,807	**235**	15,455
USA	**324,817**	799,074	**-**	415,877	**44**	18,858
Eliminations	**(1,569,011)**	(4,985,661)	**(1,628,916)**	(9,767,854)	**-**	-
	6,469,231	24,522,933	**5,479,598**	15,348,340	**101,336**	394,076

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 29 Cash Flow Information

	Note	Consolidated 2012 $	Consolidated 2011 $
(a) **Reconciliation of Cash Flow from Operations with Net Profit/(Loss) after Income Tax**			
Net profit/(loss) after income tax		**7,144,358**	(36,516)
Non-cash flows in profit/(loss)			
Depreciation of non-current assets		**86,220**	331,452
Amortisation of intangibles		**22,573**	86,901
Unrealised foreign exchange movements		**(41,615)**	(639,842)
Net loss on disposal of property, plant and equipment		**19,888**	120
Management fees associate		**73,822**	123,256
Share of loss from associate		**764,955**	-
Impairment losses		**545,473**	-
Profit from sale discontinued operation	**30**	**(10,165,666)**	-
Non-Operating Cash Flow Cash Items			
Shares issued in lieu of directors fees		**32,500**	232,932
Changes in assets and liabilities			
Working Capital at date of disposal of discontinued operations	**30**	**(5,339,838)**	-
(Increase)/decrease in trade and other receivables		**4,974,130**	(597,069)
(Increase)/decrease in inventories		**4,331,297**	(26,819)
Increase/(decrease) in trade payables and accruals		**(4,178,318)**	174,061
Increase/(decrease) in income taxes payable		**(191,206)**	(120,503)
(Increase)/decrease in deferred tax asset		**118,102**	(27,218)
Net (increase) decrease in value of current financial asset		**18,339**	(895)
Net (increase) /decrease in value of other current assets		**177,027**	(35,806)
Net movement in provisions for current/non current employee entitlements		**(329,354)**	86,147
Cash flow (outflows) from operations		**(1,937,313)**	(449,799)

(b) **Non-cash Financing and Investing Activities**

Share issues

On 24 October 2011, the company issued 928,572 ordinary shares at $0.035 per share for payment of director's fees under the director's equity plan.

On 9 December 2011, the company issued 1,750,000 ordinary shares at $0.032 per share pursuant to director's exercise of options under EGY Share options plan approved by shareholders.

On 26 June 2012, the company issued 1,450,000 ordinary shares at $NIL per share issued in satisfaction of contractual obligations pursuant to contracts between EGY and some shareholders in Dulhunty Poles Pty Limited made in relation to certain option arrangements in respect of shares in Dulhunty Poles Pty Limited.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 29 Cash Flow Information (Cont'd)

	Consolidated	
	2012	2011
	$	$
(c) **Credit Standby Arrangements with Banks**		
Credit facility	**-**	1,700,000
Amount utilised	**-**	(875,321)
	-	824,679
(d) **Loan Facilities**		
Available Loan facilities	**-**	1,106,612
Amount utilised	**-**	(1,106,612)
	-	-

The major facilities are Trade and Term loan facilities. Refer Note 20 Financial Liabilities for further details

Note 30 Cash Flow Information – Disposal of Entities

During the period, the controlled entity DPIL sold substantially all of its business assets. Aggregate details of this transaction are:

	Consolidated 30 June 2012 $
Cash Consideration	**16,701,443**
Settlement adjustments	**298,557**
Gross Proceeds	**17,000,000**
Assets and liabilities disposed of :	
Receivables	**8,575,829**
Inventories	**4,288,226**
Payables	**(7,524,217)**
Working Capital	**5,339,838**
Cash	**119,647**
Receivables - Other	**3,002,575**
Property, plant and equipment	**1,335,988**
Goodwill	**1,799,507**
Payables - Other	**(823,243)**
Interest Bearing Liabilities	**(2,104,180)**
Non-controlling equity interests	**(813,362)**
	7,856,770
Net gain on disposal of assets	**9,143,230**
Realised Foreign exchange gains on disposal of controlled entities	**2,332,752**
Transaction costs	**(1,310,316)**
Profit on sales of assets	**10,165,666**

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 31 Share-Based Payments

The following share-based payment arrangements existed at 30 June 2012:

On 15 December 2008, Energy Technologies Limited, the Parent entity issued 3,250,000 options at an exercise price of $0.032 to the directors and key management under the Energy Technologies (formerly Dulhunty Power) Share Option Plan. The options were exercisable on or before 15 December 2011. The options hold no voting or dividend rights. In addition the options are not transferable.

	Consolidated			
	2012		2011	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	**3,250,000**	3.20 cents	3,250,000	3.20 cents
Granted	**-**		-	
Expired	**(1,500,000)**	-	-	
Exercised	**(1,750,000)**	3.20 cents	-	
Outstanding at year-end	**-**		3,250,000	3.20 cents

All options were issued over unissued ordinary shares in Energy Technologies Limited, the Parent Entity.

The weighted average fair value of the options granted was $0.003.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.032
Weighted average life of option	2.46 years
Underlying share price at grant date	$0.034
Expected share price volatility	30%
Risk free interest rate	3.00%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future behaviour, which may not eventuate.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 32 Events After the Reporting Period

Bambach Wires and Cables Pty Limited

Subsequent to balance date Energy Technologies Limited (the Company) completed the acquisition of 100% holding of Bambach Wires and Cables Pty Limited (BWC), a long standing Australian manufacturer of specialist and industrial cables. As previously announced, EGY purchased BWC for $1m paid on completion and a further component based on working capital of the business at completion and to be paid over the ensuing 3 years, and a further component to be based on performance of the business in the years following the purchase. The total purchase price is estimated at approximately $3.4m paid over 3 years. Refer Note 14.

BWC non-cancellable operating leases contracted for are as follows

— not later than 12 months $ 528,020
— between 12 months and 5 years $1,104,038

Capital Distribution

In addition, EGY has announced that it will hold a General Meeting on 17 October 2012 to seek shareholder approval to reduce the capital of the company by means of a distribution to the holders of fully paid ordinary shares in the company, such distribution to be made pro rata at the rate of 2 cents per share to the number of fully paid ordinary shares held by each shareholder on the register at 25 October 2012, such payment to be made in one or more tranches as the directors see fit.

Dulhunty Poles Pty Limited (DPPL)

Under the shareholders' agreement which governs DPPL, shareholders in DPPL had the right to require EGY to purchase their shares in DPPL for an agreed price, during a period which began on 1 July 2012. This potential obligation of EGY to purchase had been recognised as a contingent liability by EGY. EGY had been successfully reducing the contingent liability prior to 1 July 2012, from an initial approximately $2,501,000 to approximately $650,000 in June 2012.

Since 30 June 2012, by exercise of their options, shareholders in DPPL have required EGY to purchase 157,500 shares in DPPL, at a total cost of approximately $217,000. The period for the exercise of the options has expired, and the contingent liability is extinguished. As a result of the share purchases, EGY has increased holding in DPPL to 45% of the issued capital.

Note 33 Related Party Transactions

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the consolidated entity to each group of specified directors and specified executives, and the number of individuals in each group, are as follows:

	Opening balance $	Closing balance $	Interest payable in the reporting period $
Specified directors			
2012 – Philip W Dulhunty	80,882	-	-
2011 – Philip W Dulhunty	46,351	80,882	-

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 33 Related Party Transactions (Cont'd)

Other transactions with the company or its controlled entities and director related entities

A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis.

Details of these transactions are as follows:

Mr Alfred Chown is a director of NLP International Limited. A subsidiary company, D Power International Limited (DPIL), formerly Dulhunty Power International Limited, during the period employed the services of NLP International Limited as consultants. The consideration paid for these services was $156,000 (2011: $161,000) and is included in director's emoluments. NLP International Limited is a shareholder of DPIL and during the year received distributions of $259,629 as a result of the sale of assets by DPIL, as reported elsewhere in this report.

Mr Michael Butcherine is principal of legal practice Michael Butcherine Solicitor ABN14 270 093 998. During the period Energy Technologies Limited received legal advice from this entity and paid $14,014 in fees. Mr Butcherine is also a director of The Western Division Pty Limited which received consulting fees totalling $80,000 during the period.

Personally related entities to Mr Philip Dulhunty occupied the same premises as a subsidiary of Energy Technologies Limited until the subsidiary was disposed of in October 2011. A share of operating expenses and other costs were charged to these companies.

The transactions above are on normal commercial terms and conditions.

Note 34 Financial Risk Management Disclosures

a) Capital Risk Management

Energy Technologies Limited (EGY) manages its capital to ensure that entities in the EGY Group will be able to continue as a going concern while maximising the potential return to stakeholders through the optimum balance of debt and equity. This strategy remains unchanged from FY2011.

The capital structure of the EGY Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the EGY parent and to its operating subsidiary. The EGY Group also utilises certain off balance sheet bank financing arrangements, including documentary credit facilities, bank overdraft facilities and trade import facilities to facilitate the purchase of goods from overseas suppliers, the sale of goods to overseas customers and the provision of bid and performance guarantees to overseas customers.

The EGY Group operates internationally through its subsidiary company Hong Kong. The EGY Group senior management monitors all externally imposed capital requirements in each jurisdiction to ensure compliance.

Operating cash flows are used to maintain and expand the Group manufacturing and distribution asset base as well as to meet routine outflows including tax and the repayment of maturing debt. The EGY Group Board and senior management consider the costs of capital and monitor the gearing ratio in line with the industry custom determined as a proportion of net debt to equity.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

The gearing ratio at year end was as follows:

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Debt (i)	**-**	2,557,368
Cash and cash equivalents	**(4,707,988)**	(1,575,705)
Net Debt	**(4,707,988)**	981,663
Equity (ii)	**4,837,195**	7,383,601
Net Debt to Equity ratio	**N/A**	13%

(i) Debt is defined as long-term and short-term borrowings.

(ii) Equity includes all capital and reserves and minority interest.

b) Financial Risk Management

In common with other businesses the EGY Group is exposed to risks that arise from the use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them. The EGY Group's financial instruments consist mainly of facilities with banks, short term loans, accounts receivable and payable, loans to and from subsidiaries, leases and derivatives. There have been no substantive changes in the EGY Group level of exposure to financial instrument risks or the objectives and processes for managing those risks from previous periods unless otherwise stated in this note.

Financial Risk Management Objectives

The Board of Directors has overall responsibility for the determination of the EGY Group financial risk management framework and, whilst retaining ultimate responsibility for them, it has delegated authority for the design and implementation of operating processes ensuring effective risk management to the EGY Group's corporate treasury and finance function, which provides services to the business including negotiation and co-ordination of finance facilities, and the monitoring and management of the financial risks as they relate to the operations of the Group. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the set objectives to control risk.

Overall the risk management strategy seeks to assist the Group in meeting its financial targets as well as minimizing the potential adverse effects on financial performance. The main exposures to financial instrument risk experienced by the EGY Group are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The EGY Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the EGY Group. This arises principally from the Group's trade receivables. For the EGY Group this risk has been determined as low.

The Group has a general policy of only dealing with creditworthy counterparties. As well, a credit check system is also in place and credit checks are obtained from a reputable external source for selected new and overseas customers. Overseas customer's trade terms include use of documentary credit bank facilities in customer locations deemed at risk, as well as collateral payment. There are no material amounts of collateral held as security at 30 June 2012.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management vests with the EGY Board of Directors and the main subsidiary Board of Directors, who apply an appropriate liquidity risk management framework to the Group's short, medium and long term funding requirements. The EGY Group manages liquidity risk by the retention of adequate reserves, banking facilities and reserve borrowing facilities and by monitoring forecast and actual cash flows, which are updated regularly by the treasury and finance function, and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest rate tables

The following table details the EGY Group contractual maturity for non derivative financial liabilities and are based on undiscounted cash flows of financial liabilities on the earliest date on which repayment can be required.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

	Effective Weighted Average Interest Rate - %		Floating Interest Rate $		Within One Year $		Non-interest Bearing $		Total $	
CONSOLIDATED ENTITY	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Financial Assets:										
Cash and cash equivalents	**3.85**	4.75	**4,707,988**	1,575,705	**-**	-	**-**	-	**4,707,988**	1,575,705
Receivables	**-**	-	**-**	-	**-**	-	**496,451**	5,304,151	**496,451**	5,304,151
Investments	**-**	-	**-**	-	**-**	-	**6,262**	24,601	**6,262**	24,601
Total Financial Assets			**4,707,988**	1,575,705	**-**	-	**502,713**	5,328,752	**5,210,701**	6,904,457
Financial Liabilities:										
Bank and other loans	**-**	11.65	**-**	1,981,933	**-**	-	**-**	-	**-**	1,981,933
Trade payables	**-**	-	**-**	-	**-**	-	**189,024**	3,333,329	**189,024**	3,333,329
Sundry payables	**-**	-	**-**	-	**-**	-	**384,433**	1,396,888	**384,433**	1,396,888
Loans from directors	**-**	15.00	**-**	-	**-**	575,435	**-**	-	**-**	575,435
Total Financial Liabilities			**-**	1,981,933	**-**	575,435	**573,457**	4,730,217	**573,457**	7,287,585
Net financial assets (liabilities)			**4,707,988**	(406,228)	**-**	(575,435)	**(70,744)**	598,535	**4,637,244**	(383,128)

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

Maturity analysis

Trade and other payables are expected to be paid within a period of 6 months from year end for the consolidated entity for 2012 and 2011.

There were bid bond and performance guarantee contracts in respect of open tender contracts at year-end of $NIL (FY2011 $191,687). At the year end it was not probable that the counterparty to any of the bid bond or performance guarantee contracts would claim under the contract.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the EGY Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while achieving optimum return.

Foreign currency risk management

The EGY Group is exposed to currency risk on investments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD) and Hong Kong Dollars (HKD). The Group's investments in, and loans to, its subsidiaries are not hedged as these positions are considered to be long term in nature.

The carrying amount of the EGY Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		**Assets**	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
US Dollars	**-**	587	**3**	877
New Zealand Dollars	**-**	184	**-**	686
Euros	**-**	10	**-**	1
Thai Baht	**-**	217	**-**	493
Malaysian Ringgit	**-**	552	**-**	2,101
Pound Sterling	**-**	1	**-**	-
Chinese RMB	**-**	1,982	**-**	855
Hong Kong Dollars	**232**	22	**151**	94
Canadian Dollars	**-**	24	**-**	-
Total	**232**	3,579	**154**	5,107

Forward exchange contracts

The EGY Group policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be used from within the Group.

The Groups primary operating exposure is where trade receivables and payables are not denominated in their functional currency. The overall treasury function is based in Australia where the primary banking facilities are maintained, including a trade facility denominated and repayable in the currency as drawn. The group also enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates, with the objective of protecting the group against unfavourable exchange rate movements for contracted sales and purchases in foreign currencies, primarily USD.

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Notes to the Financial Statements

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Note 34 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Forward exchange contracts (Cont'd)

At 30 June 2012 the details of outstanding forward exchange contracts are:

	Average exchange rate		Foreign currency amount		Contract value in $A		Fair Value In $A	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Consolidated – less than 3 months								
Buy US Dollars	-	1.0300	-	100,000	-	97,087	-	97,087
Buy Euros	-	-	-	-	-	-	-	-
Buy Thai Baht	-	-	-	-	-	-	-	-
Sell Pounds	-	-	-	-	-	-	-	-

Foreign currency sensitivity analysis

The following table details the EGY Groups sensitivity to a 10% increase or decrease in the Australian Dollar against relevant foreign currencies. This sensitivity represents management's assessment of the reasonable possible change in foreign currency rates. Its analysis includes cash assets plus outstanding foreign currency denominated trade receivables and payables and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency, there would be an equal and opposite impact on the profit.

	Consolidated	
Profit or Loss/Equity	**2012**	2011
	$'000	$'000
US Dollars	**-**	32
New Zealand Dollars	**-**	56
Euros	**-**	(1)
Thailand Baht	**-**	30
Malaysian Ringgit	**-**	172
Chinese RMB	**-**	(125)
Hong Kong Dollars	**(9)**	8
Canadian Dollars	**-**	(3)
Total	**(9)**	169

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Interest Rate Risk Management

The EGY Group is exposed to interest rate risk on cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The EGY Group does not use derivatives to mitigate these exposures.

The EGY Group's fixed rate financial instruments represent short term borrowings, at fixed rates maturing over periods less than one year. The group's variable rate financial securities consist of bank loans, overdraft facilities and trade import facilities, mainly managed in Australia.

Interest rate sensitivity analysis

The following analysis indicates the effect of a 2% or 200 basis point increase or decrease in nominal interest rates, based on exposures in existence at the reporting date, and holding all other variables constant. This represents management's assessment of the reasonably possible change in interest rates as at that date.

	Consolidated	
	2012	2011
	$000	$000
Change in Net Profit:		
Interest rise by 2% (200 basis points)	**94**	(20)
Interest cut by 2% (200 basis points)	**(94)**	20
Change in Equity:		
Interest rise by 2% (200 basis points)	**94**	(20)
Interest cut by 2% (200 basis points)	**(94)**	20

Price Risk

The EGY Group is exposed to commodity price risk on the purchase of raw materials through its manufacturing operations in China, Thailand and Malaysia. Major period sales contracts have rise and fall clauses inserted to permit sales price adjustments triggered by material movements in commodity prices of raw materials. Futures markets and Economic Forecasts are monitored to determine whether to implement a commodity hedging policy.

Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 34 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Fair value of financial instruments (Cont'd)

	Year Ended 30 June 2012				Year Ended 30 June 2011			
	Quoted Market Price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total	Quoted Market Price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	$	$	$	$	$	$	$	$
Financial assets								
Available for sale investments								
• Listed investments	**6,262**	**-**	**-**	**6,262**	24,601	-	-	24,601
	6,262	**-**	**-**	**6,262**	24,601	-	-	24,601
Financial Liabilities								
Derivative instruments								
• Foreign exchange contracts	**-**	**-**	**-**	**-**	-	(97,087)	-	(97,087)
	-	**-**	**-**	**-**	-	(97,087)	-	(97,087)

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and observable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 35 New Accounting Standards for Application in Future Periods

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The Key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on : (a) the objective of the entity' business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring and entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, expect when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an assts by using it or by selling it. The amendments introduce presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 35 New Accounting Standards for Application in Future Periods (Cont'd)

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Amendments, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces part of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group considers that there will be no change to the current presentation on adopting this new accounting standard.

  AASB 11 replaces AASB 131: Interest in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the entity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosure in respect of any investments in unconsolidated structured entities. This Standard will affect disclosure only and is not expected to significantly impact the Group.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3,4, 5, 7, 9, 2009-11, 2010-7, 101,102,108, 110, 116,117,118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosure about fair value measurement.

  AASB 13 requires:
  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy and
  - enhanced disclosure regarding all assts and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

  Theses Standards are not expected to significantly impact the Group.

- AASB2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is not expected to significantly impact the Group.

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Notes to the Financial Statements

for the year ended 30 June 2012

Note 35 New Accounting Standards for Application in Future Periods (Cont'd)

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation of 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

  (i) for an offer that may be withdrawn – when the employee accepts;
  (ii) for an offer that cannot be withdrawn - when the offer is communicated to affected employees; and
  (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

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Director's Declaration

The directors of Energy Technologies Limited declare that:

1. the financial statements and notes, as set out on pages 30 to 81, are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001;
    b. comply with International Financial Reporting Standards as disclosed in Note 1; and
    c. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated entity;

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 director's 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.



Alfred J. Chown
Managing Director

Sydney, 28 September 2012

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Independent Auditors' Report

GouldRalph ASSURANCE

Chartered Accountants
ABN 74 632 161 298
Level 42, Suncorp Place
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Sydney NSW 2000
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ENERGY TECHNOLOGIES LIMITED

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

Directors' responsibility for the financial statements
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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 statements. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters Relating to Electronic Publication of the Audited Financial Report
This audit report relates to the financial report of Energy Technologies Limited for the year ended 30 June 2012 included on the website of Energy Technologies Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ENERGY TECHNOLOGIES LIMITED (Cont'd)

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditors' opinion
In our opinion:

1. the financial statements of Energy Technologies Limited is in accordance with the *Corporations Act* 2001, including:

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

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

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

Report on The Remuneration Report
We have audited the Remuneration Report included on pages 16 to 19 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on The Remuneration Report
In our opinion the Remuneration Report of Energy Technologies Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GOULD RALPH ASSURANCE
Chartered Accountants



MALCOLM J.BEARD, M.COM., FCA
Partner

Sydney, 28 September, 2012

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ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2012.

(a) Distribution of equity securities

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	104	60,387
1,001	- 5,000	262	642,591
5,001	- 10,000	123	920,176
10,001	- 100,000	206	7,952,737
100,001	and over	140	154,687,867
		835	164,263,758
The number of shareholders holding less than a marketable parcel of shares are:		554	2,487,994

(b) Twenty largest shareholders

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

No	Name	No. of shares	%
1	NLP International Ltd	**21,738,662**	13.23%
2	Electric Super Cats P/L - BAWD Holdings	**12,500,000**	7.61%
3	Zurich Square Investments Limited	**9,498,375**	5.78%
4	Peter Dulhunty	**6,091,000**	3.71%
5	Anthony C. Wilson	**5,800,000**	3.53%
6	Brendon A. Park	**5,310,194**	3.23%
7	Edmund Lacis	**5,103,286**	3.11%
8	Gregory R. Knoke - The Knoke Super Fund A/C	**5,085,945**	3.10%
9	Alex Hill	**4,548,582**	2.77%
10	DASA Investments Pty Ltd	**4,256,433**	2.59%
11	A.J. Chown	**3,672,029**	2.24%
12	JP Morgan Nominees Australia Limited	**3,322,709**	2.02%
13	Philip W Dulhunty	**3,060,286**	1.86%
14	Forsyth Barr Custodians Ltd	**2,577,723**	1.57%
15	Granic Pty Ltd	**2,451,379**	1.49%
16	HSBC Custody Nominees	**2,402,061**	1.46%
17	Martin Thomas	**2,126,340**	1.29%
18	Kexby Finance	**2,100,000**	1.28%
19	Ian Clyne	**1,798,895**	1.10%
20	Labor Holdings Pty Ltd	**1,694,814**	1.03%
		105,138,713	64.01%

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ASX Additional Information (Cont'd)

(c) Substantial shareholders

The number of shares held by substantial shareholders are:

	Number of Shares
NLP International Ltd	21,738,662
Electric Super Cats Pty Ltd	12,500,000
Zurich Square Investments Limited	9,498,375

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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