ENERGY TECHNOLOGIES LIMITED

ABN 38 002 679 469

Annual Financial Report

for the year ended 30 June 2015

Corporate Information

ABN 38 002 679 469

Directors

Alfred J. Chown (Chairman/Managing Director)

Gary A. Ferguson (Non-executive Director)

Philip W. Dulhunty (Non-executive Director)

Company Secretary

Gregory R. Knoke

Registered Office

102 Old Pittwater Road

BROOKVALE NSW 2100

Bankers

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

Russell Bedford NSW

Chartered Accountants

Level 29, Suncorp Place

259 George Street

SYDNEY NSW 2000

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Chairman's Report

Energy Technologies Limited (EGY) reported a FY2015 loss after tax and minority interests of $429,960, which is a substantial improvement on the previous year's loss of $987,407 but still not acceptable. The main operating subsidiary of the company, Bambach Wire and Cables Pty Ltd (BWC) was again negatively impacted by a stagnant Australian economy, further shocks to the mining industry, inertia , policy change and the postponement of major infrastructure work due to three state elections during the period and for a large part of the financial year a persistently high Australian dollar. As a result overall revenues fell from $14,299,526 in FY2014 to $12,915,533 for FY2015, albeit on improved margins.

Of major impact on budgeted forecasts of the company was the cancellation by the incoming Andrews Government in Victoria of the Pakenham-Cranbourne Rail project and in Newcastle NSW the postponement of significant rail projects due to the downturn in the coal industry and the removal of several local politicians, highly supportive of rail infrastructure projects in the Hunter Valley region , who lost power on the back of campaign funding irregularities.

In response to the above and in light of continuing poor economic conditions the company further reduced its costs via headcount reduction and diligent and competitive purchasing practices. It also continued with an expansion of its product range, developing new cables focused on the infrastructure market, and in particular infrastructure projects planned for NSW and Victoria. The company now boasts the ability to supply a full range of rail signal cables, traffic cables and other power cables required for road and rail infrastructure builds. In order to try and insulate the business from political whimsy and its recent negative impact on major infrastructure projects, the company also moved to develop new cable products aimed at the commercial building sector and agricultural industry. These products are due for release in the latter part of calendar year 2015.

The company was successful in raising funds during the period in the form of convertible notes and these funds were put toward paying out the vendor liability, providing working capital, increasing stocking levels and the purchase of new equipment. The company has an equipment upgrade program that is expected to deliver substantial reduction in the overall cost of manufacture and this increased efficiency and the recent fall in the value of the Australian dollar bodes well for the business going forward.

To fund the purchase of equipment over and above that funded from the funds raised in FY2015 and to enable a further increase in stock levels to allow the company to stock the new products it has developed, the company is seeking to raise further funds via either equity or convertible notes. At the recent EGM held on 28 July 2015 the shareholders approved the issuance of further convertible notes to the value of $2m . Subsequent capital raising activities give the board reason to believe that the company will be successful in obtaining up to 2 million dollars in funding via a mix of equity injection and convertible notes.

With large gains in production efficiency due to new equipment, a vastly broader range of products to offer and adequate stock holdings the board is confident that the business will move into a period of continual profitability over the next 12 to 18 months- the lag being due to the time it takes to purchase made to order machines, install and commission them and to build adequate stock

Alfred J Chown
Chairman

Sydney, 30 September 2015

Directors' Report

Your Directors submit their report for the year ended 30 June 2015.

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

Alfred J. Chown, B.Econ, (Age 54) (Chairman/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.

Philip W. Dulhunty OAM (Age 91) (Non-Executive Director) Appointed 3 December 2014

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 was previously a Director of the company from 31 March 2003 to 1 October 2012. Mr Dulhunty is also a member of the Audit and Nomination Committees of the company.

Gary A Ferguson CA (Age 72) (Non-executive Director). Appointed 1 October 2012

Mr Ferguson is a qualified accountant. During his career, he has worked for manufacturing companies as a cost accountant, lectured in accounting (post-certificate Cost Accounting) with the then Department of Technical Education, developed the methodology associated with risk analysis profiles for capital expenditure projects in both the cable and abrasive sectors and providing consultant services to these companies. Mr Ferguson relocated to Mid-North Coast NSW in 1975 and gained a very broad level of experience, owning and operating businesses in the construction, hospitality, heavy transport and earthmoving and quarry industries. In 1992 he acquired a public practice in Kempsey, specializing in providing commercial clients with advice in corporate structure, taxation, reporting and financial management areas, including providing associated legal services from in house partners. Mr Ferguson is a Member of both Chartered Accountants Australia and New Zealand (CA) and Certified Practising Accountants in Australia (CPA). Mr. Ferguson is also Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the company.

Michael D. Butcherine (BEc (Hons)/LLB (Hons)) (Age 48) (Non-executive Director). Appointed 14 December 2009. Resigned 5 December 2014.

Mr 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, Mr Butcherine 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, Mr Butcherine 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. Mr Butcherine 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.

Directors' Report (Cont'd)

COMPANY SECRETARY

Gregory R. Knoke, B. Com, CA (Age 62) (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 Chartered Accountants Australia and New Zealand 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.

PRINCIPAL ACTIVITIES

EGY's principal activities during the year were:

- The manufacture and sale of specialist industrial cables through wholly owned subsidiary Bambach Wires and Cables Pty Limited (BWC):
- Managing BWC and integrating its operations into the Group;
- Driving organic growth and organisational change in BWC;
- Investing in Dulhunty Poles Pty Limited (DPPL), by providing financial and administrative support;
- Developing energy co-generation technology and seeking opportunities to participate in alternate and off-grid generation projects;
- Seeking other products, businesses and opportunities for the Group;

REVIEW AND RESULTS OF OPERATIONS

EGY continues to report a loss in FY2015 but improved in comparison with last year's results (FY2015 consolidated loss after tax and minorities interests of $429,960; FY2014 loss of $987,407).

The parent entity reported a 2015 loss after tax of $482,061 (2014 loss of $925,510), which included impairment of controlled entities of $1,152,256 (2014 $1,020,186). Excluding the impairment adjustment the parent entity achieved a profit after tax for 2015 of $670,195 (2014 profit of $94,676). The parent entity result also includes a further final reduction in BWC vendor liability of $1,139,039 (FY2014 $$224,546). The parent entity continues to cut costs and the resources of EGY, and its directors and executive were applied almost exclusively in the intensive management of BWC.

Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of $1,054,574 (FY2014 loss $1,013,458). BWC continues to be impacted from the general down turn in sector-wide trading conditions. Overall BWC revenue from operations has decreased to $11,650,278 from previous $13,911,667. However margins have improved, overheads have been cut and the impact of new product range and a lower Australian Dollar is expected to improve trading results in FY2016. Included in FY2015 revenue is a further $843,040 R&D Grant (FY2014 R&D Grant revenue $1,201,822) which partially recovered the significant research and development expense undertaken by BWC in new product development, cable projects and testing.

With the fall in the value of the Australian dollar, an upgrading of production equipment and subsequent production cost savings, the development of a raft of new cable products and finally the go ahead of major infrastructure projects in NSW, Victoria and WA, EGY's main subsidiary, Bambach Wire and Cables is well placed to continue its turnaround and move to a rapid growth phase which management anticipates will become fully evident this time next year.

STATE OF AFFAIRS

During the 2015 year, EGY raised $2,100,000 by the issue of secured convertible notes, resulting in the issue of 2,100 Convertible Notes each with a face value of one thousand dollars to investors. Shareholder approval for the issue of $1,500,000 of the Convertible Notes was given at the Annual General Meeting of the company held on 27 November 2014, with approval for the oversubscription of a further $600,000 given at a General Meeting held on 28 July 2015. Funds raised have been applied in the satisfaction of EGY's commitments to the vendors of BWC, for some factory capital expenditure and to meet working capital requirements. EGY is currently seeking to raise up to $2m in further convertible notes as approved at the General Meeting held on 28 July 2015.

In relation to the Going Concern position of the Group, please refer to the details set out in Note 1(c) to the Financial Statements.

Directors' Report (Cont'd)

DIVIDENDS

No dividends were paid or recommended by the parent company EGY this financial year.

NON-AUDIT SERVICES

During the year an associate of the Company's auditor performed certain tax compliance 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.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 22 of the Directors' Report.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no other matters or circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

On 28 July 2015 the company obtained approval at General Meeting to raise a further $2m of convertible notes and is currently in discussion with potential investors.

The directors expect that BWC will return to profitability in the 2016 financial year. The trend of improvement in sales margin has continued since the reporting date, and, if budgeted sales levels can be maintained, together with cost reductions in place, will mean BWC achieves budget for 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.

Directors' Report (Cont'd)

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 58 employees as at 30 June 2015 (2014: 59 employees).

REMUNERATION REPORT

The remuneration report is set out on page 10 and forms part of the Directors' Report for the financial year ended 30 June 2015.

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:	7	3	2	1
Number of meetings attended:				
Alfred J. Chown	7	3	-	1
Gary A. Ferguson	7	2	2	-
Philip W. Dulhunty – Appointed 3/12/2014	4	-	1	1
Michael D. Butcherine – Resigned 5/12/2014	1	-	1	-

Committee Membership

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

Audit Committee:	Gary A. Ferguson	Philip W. Dulhunty	-
Nomination Committee:	Alfred J. Chown	Gary A. Ferguson	Philip W. Dulhunty
Remuneration Committee:	Alfred J. Chown	Gary A. Ferguson	-

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	38,160,691	-	59,724
Gary A. Ferguson	24,096,851	-	-
Philip W. Dulhunty – appointed 3/12/2014	17,045,135	-	-
Michael D. Butcherine – resigned 5/12/2014	14,736,187	-	-

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior 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.

Signed in accordance with a resolution of the Directors.

Alfred J. Chown

Chairman/Managing Director

Sydney, 30 September 2015

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 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.

Short term incentive

Each 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 Share Option Plan (made in accordance with thresholds set in plans approved by shareholders at the 2014 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.

Remuneration Report (audited)

The Board considers that the above remuneration structure is adequate given the major restructuring of the operations required under the Business Plan, 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.

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

Key Management Person	**Position (s) Held during the Year**
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC
Gary A. Ferguson	Director – Non-executive of EGY and Director of BWC
Philip W. Dulhunty – appointed 3/12/2014	Director – Non-executive of EGY
Michael D. Butcherine – resigned 5/12/2014	Director – Non-executive of EGY and Director of BWC
Gregory. R. Knoke	CFO/Company Secretary of EGY and BWC

Options and Rights Holdings

Gregory R. Knoke holds 200,000 Options issued under the Share Option Plan (FY2014 Nil). Refer also Note 30.

Shareholdings Number of Shares held by Key Management Personnel	Balance 1 July 2014	Received as Remuneration	Purchases	Disposals	**Balance 30 June 2015**
Specified directors					
Alfred J Chown	38,160,691	-	-	-	38,160,691
Gary A. Ferguson	21,596,851	-	2,500,000	-	24,096,851
Philip W. Dulhunty – appointed 3/12/2014	17,045,135	-	-	-	17,045,135
Michael D. Butcherine – resigned 5/12/2014	14,736,187	-	-	-	14,736,187 *
Specified executives					
Gregory R. Knoke	6,962,415	-	-	-	6,962,415
	98,501,279	-	2,500,000	-	101,001,279

* at date of resignation 5/12/14

Details of the nature and amount of each element of the remuneration of key management personnel including each director of the company and each of the specified executive officers of the company and the consolidated entity for the financial year are disclosed in the table on next page.

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 2015.

				Short-term benefits			Post Employment Benefits	Share-based payment	Total
2015				Cash, salary, fees & commissions	Cash Bonus	Other	Superannuation	Equity	
Specified Directors	**Position (s) Held**	**Date Left**	**Date Appointed**	$	$	$	$	$	$
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC	-	-	261,308	-	15,000	18,783	-	295,091
Gary A. Ferguson	Non-executive Director of EGY and Director of BWC	-	-	25,000	-	-	-	-	25,000
Philip W. Dulhunty	Non-executive Director of EGY	-	3/12/2014	6,500	-	-	-	-	6,500
Michael D. Butcherine	Non-executive Director of EGY and Director of BWC	5/12/2014	-	-	-	-	-	-	-
Specified executives									
Gregory R. Knoke	CFO/Company Secretary of EGY and BWC	-	-	170,025	-	13,006	15,938	-	198,969
				462,833	-	28,006	34,721	-	525,560

During the year, Gregory R Knoke was issued 200,000 options under the Share Option Plan at an exercise price of $0.008, refer Note 30. As at 30 June 2015 these options were not exercised and fair value at grant date was material even if negligible.

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 2014.

				Short-term benefits			Post Employment Benefits	Share-based payment	Total
2014				Cash, salary, fees & commissions	Cash Bonus	Other	Superannuation	Equity	
Specified Directors	**Position (s) Held**	**Date Left**	**Date Appointed**	$	$	$	$	$	$
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC	-	-	188,154	-	10,000	16,294	-	214,448
Michael D. Butcherine	Non-executive Director of EGY and Director of BWC	-	-	37,500	-	-	-	-	37,500
Gary A Ferguson	Non-executive Director of EGY	-	-	25,000	-	-	-	-	25,000
Specified executives									
Gregory R. Knoke	CFO/Company Secretary of EGY and BWC	-	-	164,876	-	14,912	15,051	-	194,839
Ralph F. Stevens	General Manager of BWC	7 November 2013	-	96,923	-	16,565	8,606	-	122,094
				512,453	-	41,477	39,951	-	593,881

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 2015.

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.

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.

Corporate Governance Statement (Cont'd)

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	Not adopted
2.3	The roles of the chair and the chief executive office should not be exercised by the same individual	Not adopted
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

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:

Gary A. Ferguson

Philip W. Dulhunty

Corporate Governance Statement (Cont'd)

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

- 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.

During the 2013 financial year, Mr Alfred Chown was appointed as the Managing Director of EGY. After the resignation of former Board members, Mr Chown also adopted the position of Chairman of the Board. The company accepts that, as a principle, these roles should be separate. At present, however, there are factors which have made it desirable that they be exercised by the same person for the time being.

EGY and its subsidiary BWC continued to encounter difficult trading conditions during the year. EGY's Managing Director continues to devote a great deal of time and energy to the operations of BWC, and its internal processes. The Managing Director and the other directors have been in frequent and informal contact during the year, in addition to the formal Board meetings. The strategy of the company, and the execution of the strategy, has been under frequent review, and the results under close scrutiny.

Directors have worked as an effective team, with close liaison. In the circumstances, directors have not felt it necessary to address the appointment of a new Chairman.

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 2015 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.

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.

Corporate Governance Statement (Cont'd)

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.

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. Some new employees have been employed by BWC since its purchase, but only very few. The small scale of the company's hiring means that it is difficult 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.

Nineteen per cent (19%) of all the Group's employees are women. There are no women at a senior executive level or on the Board.

Corporate Governance Statement (Cont'd)

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 in part
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 2015 and their attendance at meetings of the committee are included in the directors' report. The audit committee consists of a majority of independent directors. During the year, after the size of the Board of the company was reduced, the audit committee was constituted with only two members. The Board of the company has only three members, but the Board has decided not to appoint Mr Alfred J. Chown, the Managing Director, to the audit committee. Thus the audit committee currently has only two members, consisting entirely of non-executive and independent directors. 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.

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

Corporate Governance Statement (Cont'd)

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.

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

Corporate Governance Statement (Cont'd)

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.

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

Corporate Governance Statement (Cont'd)

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 2015 consisted of two 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.

A revised Directors Equity Plan was established in 2014 and approved by shareholders at the 2014 Annual General Meeting.

Executives and employees are also entitled to participate in the EGY Share Option Plan also approved by shareholders at the 2014 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 highest paid executives, including all monetary and non-monetary components, are detailed in the Directors' Report.

Auditor's Independence Declaration

Russell Bedford NSW
Chartered Accountants

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30 September 2015

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 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the Corporations Act 2001 in relation to this audit;

(b) 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.

Russell Bedford NSW
Chartered Accountants

GREGORY RALPH, M.Com., F.C.A.
Partner

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Liability is limited under a Scheme approved under Professional Standards Legislation.

Consolidated Income Statement

for the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Sales Revenue	2(a)	**10,763,754**	12,658,913
Cost of Sales	3	**(8,208,067)**	(10,221,901)
Gross Margin		**2,555,687**	2,437,012
Rendering of services	2(a)	**43,484**	50,939
Other revenue	2(b)	**2,108,295**	1,589,674
Marketing expenses		**(52,421)**	(44,075)
Occupancy expenses		**(530,016)**	(470,231)
Administrative expenses		**(3,633,133)**	(3,962,731)
Finance costs	3	**(635,416)**	(265,891)
Depreciation and amortisation expenses	3	**(231,643)**	(236,074)
Other expenses		**(116,302)**	(147,186)
Share of Net (Loss) of associate	14(b)	**-**	-
Loss before income tax		**(491,465)**	(1,048,563)
Income tax credit (expense)	4	**15,926**	(7,638)
Loss after income tax		**(475,539)**	(1,056,201)
Loss attributable to non-controlling interest		**45,579**	68,794
Loss attributable to members of the parent entity		**(429,960)**	(987,407)
Earnings per share			
Basic earnings per share (cents per share)	8	**(0.19)**	(0.50)
Diluted earnings per share (cents per share)	8	**(0.19)**	(0.50)

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
LOSS FOR THE YEAR		**(475,539)**	(1,056,201)
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX:			
a) Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Movement in foreign exchange relating to translation of controlled foreign entities		**(4,521)**	4,060
Exchange differences on foreign exchange relating to non-controlling interest		**(4,521)**	4,060
b) Items that will not be reclassified to profit or loss:			
Revaluation of Plant and equipment to fair value	15	**-**	931,109
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(9,042)**	939,229
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(484,581)**	(116,972)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Members of the parent entity		**(434,481)**	(52,238)
Non-controlling interest		**(50,100)**	(64,734)
		(484,581)	(116,972)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	Consolidated 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	9	**99,317**	65,609
Trade and other receivables	10	**2,891,736**	3,399,561
Inventories	11	**3,502,978**	2,936,590
Financial assets	12	**-**	5,367
Other current assets	17	**361,127**	255,637
TOTAL CURRENT ASSETS		**6,855,158**	6,662,764
NON-CURRENT ASSETS			
Property, plant and equipment	15	**2,024,265**	2,190,988
Investments accounted for using the equity method	14	**-**	-
Deferred tax assets	20(a)	**223,884**	207,957
Intangible assets	16	**290,236**	10,439
TOTAL NON-CURRENT ASSETS		**2,538,385**	2,409,384
TOTAL ASSETS		**9,393,543**	9,072,148
CURRENT LIABILITIES			
Trade and other payables	18	**3,293,632**	3,725,910
Financial liabilities	19	**2,488,449**	2,826,581
Short-term provisions	22	**564,643**	545,840
TOTAL CURRENT LIABILITIES		**6,346,724**	7,098,331
NON-CURRENT LIABILITIES			
Financial liabilities	19	**2,904,307**	835,109
Other non-current liabilities	21	**-**	521,520
Long-term provisions	22	**35,392**	25,486
TOTAL NON-CURRENT LIABILITIES		**2,939,699**	1,382,115
TOTAL LIABILITIES		**9,286,423**	8,480,446
NET ASSETS		**107,120**	591,702
EQUITY			
Issued capital	23	**8,374,278**	8,374,278
Reserves	24	**(1,049,776)**	(1,045,254)
Accumulated losses		**(6,643,452)**	(6,213,492)
Parent interest		**681,050**	1,115,532
Non-controlling interest		**(573,930)**	(523,830)
TOTAL EQUITY		**107,120**	591,702

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Issued Capital	Reserves	Accumulated losses	Non-Controlling Interest	Total
	$	$	$	$	$
Consolidated					
Balance at 01 July 2013	7,717,528	(1,980,423)	(5,226,085)	(459,096)	51,924
Comprehensive income					
Loss for the year	-	-	(987,407)	(68,794)	(1,056,201)
Other comprehensive income for the year	-	935,169	-	4,060	939,229
Total comprehensive income (loss) for the year	-	935,169	(987,407)	(64,734)	(116,972)
Transactions with owners, in their capacity as owners, and other transfers					
Equity contribution	638,000	-	-	-	638,000
Shares issued in lieu of directors fees	18,750	-	-	-	18,750
Total transactions with owners, in their capacity as owners, and other transfers	656,750	-	-	-	656,750
Balance at 30 June 2014	8,374,278	(1,045,254)	(6,213,492)	(523,830)	591,702
Balance at 01 July 2014	**8,374,278**	**(1,045,254)**	**(6,213,492)**	**(523,830)**	**591,702**
Comprehensive income					
Loss for the year	**-**	**-**	**(429,960)**	**(45,579)**	**(475,539)**
Other comprehensive income for the year	**-**	**(4,522)**	**-**	**(4,521)**	**(9,043)**
Total comprehensive income (loss) for the year	**8,374,278**	**(1,049,776)**	**(6,643,452)**	**(573,930)**	**107,120**
Transactions with owners, in their capacity as owners, and other transfers					
Equity contribution	**-**	**-**	**-**	**-**	**-**
Shares issued in lieu of directors fees	**-**	**-**	**-**		**-**
Total transactions with owners, in their capacity as owners, and other transfers	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2015	**8,374,278**	**(1,049,776)**	**(6,643,452)**	**(573,930)**	**107,120**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**12,081,883**	12,400,236
Interest received		**3,541**	740
Payments to suppliers and employees		**(13,319,121)**	(13,531,287)
Finance costs		**(635,416)**	(265,891)
Net cash outflow from operating activities	**29**	**(1,869,113)**	(1,396,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**23,409**	6,954
Proceeds from sale of available-for-sale financial asset		**5,716**	-
Purchase of property, plant and equipment		**(96,745)**	(120,334)
Purchases of intangible development assets		**(283,840)**	-
Payment for subsidiary, net of cash acquired		**(200,000)**	(259,999)
Net cash outflow from investing activities		**(551,460)**	(373,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	638,000
Proceeds from issue of convertible notes		**2,100,000**	700,000
Proceeds from borrowings		**873,552**	729,615
Repayment of borrowings		**(524,887)**	(540,423)
Loans from Directors		**-**	240,000
Net cash inflow from financing activities		**2,448,665**	1,767,192
Net increase/(decrease) in cash held		**28,092**	(2,389)
Cash at beginning of financial year		**65,609**	68,465
Effect of exchange rates on cash holdings in foreign currencies		**5,616**	(467)
Cash at end of financial year	**9**	**99,317**	65,609

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2015

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 30 September 2015 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 out 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) Going Concern

During the year ended 30 June 2015 the consolidated entity incurred a loss after tax and non-controlling interest of $429,960 including a gain from vendor liability reduction of $1,139,039 (2014: loss of $987,407 after including a gain from vendor liability reduction of $224,546) and incurred negative cash flows from operations of $1,869,113 (2014:$1,396,202). A contributor to the loss was a reduction in sales revenue from the prior year of 15%. At 30 June 2015 the consolidated entity had $107,120 net assets and $2,800,000 convertible notes maturing 1 November 2016.

These matters give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon it:

(a) achieving cash flow positive trading operations from its existing business;
(b) continued financial support from its current financiers;
(c) raising further funding over the ensuing 12 months (underway); and
(d) obtaining noteholder approval for rescheduling of the 2016 maturity date of $2.8 million of convertible notes.

Management have prepared a cash flow projection for the period to 30 September 2016 that supports the ability of the consolidated entity to continue as a going concern. The FY2016 budget on which the cash flow projection is based forecasts a 24% increase in sales revenues for FY2016 from the FY2015 actual year, and the cash flow projection also assumes new investment of $350,000 to enhance working capital.

Management believe the 2015 Sales Revenues were negatively impacted by the decline in mining investment and related projects. To combat the impact of the mining downturn the company has embarked on increasing its non-mining range of cable products and to this end has brought two new product lines to market and has another three lines undergoing development and testing. It is expected that these new offerings will reverse the decline experienced in sales and indeed generate a significant improvement in overall revenues.

The September 2015 quarter sales fell short of budget by 22% but based on unfilled orders and job quotes submitted the Directors expect this to only be timing differences which will be made good in subsequent months. The Directors are still confident of achieving the FY2016 sales budget including expected sales from tendering to existing major suppliers and contractors, and expect to win major project works in NSW and later Western Australia and Victoria with respect to announced infrastructure projects.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1 Summary of Significant Accounting Policies

(c) Going Concern (Cont'd)

Apart from the introduction of new products into both existing and new market segments, The company has embarked on an upgrade of its manufacturing capabilities. The Business Plan of the company calls for the installation of new equipment that will cut existing manufacturing costs by between 10-15% and simultaneously expand the size of cables able to be manufactured. The company has sought and is in the process of obtaining investment funds for this exercise.

Directors are in discussion with potential investors and their advisors and pursuant to those advices are confident of raising the necessary investment funds and obtaining the necessary approvals to extend the convertible notes maturity date. The Directors believe the consolidated entity will continue as a going concern and it is appropriate to prepare these financial statements on that basis.

In the event that the consolidated entity is not able to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity and company not continue as going concerns.

(d) 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. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 13 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 statements showing profit or loss and other 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).

Notes to the Financial Statements

for the year ended 30 June 2015

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

(e) 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.

(f) Foreign currencies

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars (A$), which is the parent entity's functional currency.

Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the year-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate as at the date when fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

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

(i) Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates for the period; and

(iii) Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The functional currencies of the overseas subsidiaries are:

D Power International Limited – Hong Kong Dollars

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(g) Property, plant and equipment

Each class of Plant and equipment is stated at cost or fair value as indicated, less accumulated depreciation and any impairment in value.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Buildings & Leasehold Improvements	10% to 25%
Plant and equipment	9% to 66.6%
Leased plant & Equipment	13% to 16.7%

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 revaluation surplus or in the income statement, as set out above.

(h) Intangibles

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, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, at each reporting date, 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.

Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that future benefits will exceed deferred costs and these benefits can be reliably measured. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the costs over a period during which the related benefits are expected to be realised.

Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(i) 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 value 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.

(j) 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 — valued on a rolling average cost;
- Finished goods and work-in-progress — cost of raw materials and standard cost of labour and a proportion of manufacturing overheads based on estimated machine man minute.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion.

(k) Impairment 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.

(l) 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 will be 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.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(m) 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.

(n) Investments in Associates

Associates are companies in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control of those policies. 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 14.

(o) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately

(ii) Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(p) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(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.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(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 measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. 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 when services are completed.

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

The income tax expense for the year comprises current income tax expense/(income) and deferred tax expense/(income). 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, except for deferred tax liability on revaluation of plant and equipment not recognised due to the existence of unrecognised tax losses available for offset.

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.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(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.

(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) Fair Value

The Group subsequently measures some of its assets at fair value on a recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

for the year ended 30 June 2015

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

(z) 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) 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.

iii) Revaluation of plant and equipment – refer to Note 15

Key Judgements

i) Going Concern: Refer to details in Note 1 (c)

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) Associate Entity DPPL

The board of EGY has applied the following tests under AASB 10 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.

(aa) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating.

(bb) New and Revised Accounting Standards

Refer to Notes 34 and 35

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2 Revenues

	Consolidated	
	2015	2014
	$	$
(a) Revenues		
Sale of goods	**10,763,754**	12,658,913
Rendering of services	**43,484**	50,939
	10,807,238	12,709,852
(b) Other Revenues		
R&D grant	**843,040**	1,201,822
Foreign exchange gains on unhedged transactions	**85,977**	9,194
Management Fees	**-**	61,200
Reduction in deferred acquisition consideration liability	**1,139,039**	224,546
Interest revenue	**3,541**	10,706
Insurance refund	**30,270**	64,265
Other	**6,428**	17,941
Total Other Revenue	**2,108,295**	1,589,674

Note 3 Profit/(Loss) for the Year

Expenses		
Cost of sales	**8,208,067**	10,221,901
Finance costs	**635,416**	265,891
Rental expense on operating leases: - minimum lease payments	**869,125**	843,336
Foreign Exchange Losses	**158,561**	20,307
Depreciation and amortisation expenses	**231,643**	236,074

Notes to the Financial Statements

for the year ended 30 June 2015

Note 4 Income Tax Expense

	Consolidated	
	2015	2014
	$	$
(a) The components of income tax (credit) expense comprise:		
Current tax	-	-
Deferred tax	**(15,926)**	7,638
	(15,926)	7,638
(b) Reconciliation of the prima facie tax on profit/(loss) to income tax expense:		
Prima facie tax on (loss) before income tax at 30% (2014: 30%)	**(147,440)**	(314,569)
Add:		
Tax effect of:		
- other non-allowable items	**68,555**	18,995
- R&D expenditure non-allowable	**476,440**	496,189
- other assessable items	**629**	1,308
- unrealised foreign exchange loss	**24,588**	2,760
- tax losses not brought to account *	**171,852**	240,797
- deferred income tax	**-**	7,638
	742,064	767,687
Less:		
Tax effect of:		
- deferred income tax	**15,926**	-
- unrealised foreign exchange gain	**-**	17,569
- R&D grant non assessable	**252,912**	360,547
- discount on acquisition not assessable	**341,712**	67,364
	610,550	445,480
Income tax (credit) expense on continued operations	**(15,926)**	7,638

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

Notes to the Financial Statements

for the year ended 30 June 2015

Note 5 Key Management Personnel Compensation

Compensation of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2015 and the comparative year.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated	
	2015	2014
	$	$
Short-term employee benefits	**490,839**	553,930
Post-employment benefits	**34,721**	39,951
Share-based payments	**-**	-
	525,560	593,881

Short–term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

Note 6 Auditors' Remuneration

	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	**77,740**	73,500
— other services	**1,950**	2,000
	79,690	75,500
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report of subsidiaries	**-**	-
— tax compliance services	**484**	-
	484	-

Note 7 Dividends

No dividends have been paid or proposed by the Parent for the year ended 30 June 2015 (2014: Nil)

Notes to the Financial Statements

for the year ended 30 June 2015

Note 8 Earnings per Share

	Note	Consolidated 2015 $	Consolidated 2014 $
(a) Reconciliation of earnings to profit or loss:			
Profit (loss)		**(475,539)**	(1,056,201)
(Profit)/Loss attributable to non-controlling entity interest		**45,579**	68,794
Earnings used to calculate basic and dilutive EPS		**(429,960)**	(987,407)
		Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		**224,528,463**	197,890,174
Weighted average number of dilutive options outstanding	(i)	**-**	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		**224,528,463**	197,890,174

(b) During the year 2,800,000 ordinary share options were issued to employees under an approved Share Option Plan – refer Note 30. As the options were out of the money at reporting date, they are not considered dilutive.

Note 9 Cash and Cash Equivalents

	$	$
Cash at bank and on hand	**99,317**	65,609
	99,317	65,609

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	**99,317**	65,609
	99,317	65,609

Notes to the Financial Statements

for the year ended 30 June 2015

Note 10 Trade and Other Receivables

	Note	Consolidated 2015 $	2014 $
CURRENT			
Trade receivables	(a)	**1,809,890**	2,438,301
Other receivables		**1,081,846**	961,260
Amounts receivable from:			
— Associated entity	(b)	**-**	-
		2,891,736	3,399,561

(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	**328,211**	328,211
	Losses applied against loan	**(328,211)**	(328,211)
		-	-

Note 11 Inventories

At cost		
Raw materials and stores	**833,585**	673,651
Work in progress	**160,225**	197,960
Finished goods	**2,509,168**	2,064,979
	3,502,978	2,936,590

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12 Financial Assets

	Note	Consolidated	
		2015	2014
		$	$
CURRENT			
Financial assets at fair value through profit or loss		**-**	5,367
		-	5,367

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

Reconciliation of Movements in Assets at Fair Value:			
Opening Balance		**5,367**	5,367
Proceeds from disposal		**(5,716)**	-
Net gain through Profit and Loss	**29**	**349**	-
Closing Balance		**-**	5,367

Note 13 Controlled Entitles

Controlled Entitles Consolidated	**Country of Incorporation**	**Percentage Owned (%)***	
Parent Entity:		**2015**	2014
Energy Technologies Limited	Australia		
Subsidiaries of Energy Technologies Limited :			
Bambach Wires & Cables Pty Limited	Australia	100	100
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

* Percentage of voting power is in proportion to ownership

Notes to the Financial Statements

for the year ended 30 June 2015

Note 14 Investment Accounted for Using the Equity Method

	Consolidated	
	2015	2014
	$	$
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:				%	%	$
				2015	2014	
Dulhunty Poles Pty Limited	Manufacture & Sale of Glass Fibre Reinforced Cement Composite Power Poles	Australia	Ordinary	**36**	36	-
						-

There were no movements in the equity accounted in associate in either the current or prior year.

(a) EGY invested a total of $710,500 in convertible notes issued by associated entity Dulhunty Poles Pty Limited in the 2012 financial year. Convertible notes were offered at the rate of one note per share held. Convertible Notes were issued at $1.00 per note. EGY has recorded start-up losses incurred in DPPL against the carrying value of these convertible notes. During the 2014 year these notes were converted to B Class shares in DPPL. Shares were issued at value of one share per note.

(b) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates

	2015	2014
	$	$
Current Assets	**657,702**	532,269
Non-current Assets	**2,279,851**	2,501,953
Total Assets	**2,937,553**	3,034,222
Current Liabilities	**506,950**	523,479
Non-current Liabilities	**2,683,098**	1,894,041
Total Liabilities	**3,190,048**	2,417,520
Net (Liabilities) Assets	**(252,495)**	616,702
Revenues	**2,165,335**	2,133,456
Loss after income Tax of Associate	**(929,862)**	(866,381)

The share of associates losses not recognised at 30 June 2015 was $1,623,012 (30 June 2014 $1,288,262)

Notes to the Financial Statements

for the year ended 30 June 2015

Note 15 Property, Plant and Equipment

	Consolidated	
	2015	2014
	$	$
Leasehold Improvements		
Leasehold Improvements at independent valuation	**27,800**	27,800
Less: Accumulated depreciation	**(2,780)**	-
Total Leasehold Improvements	**25,020**	27,800
Plant and Equipment		
Plant and equipment at cost:	**78,490**	39,011
Less: Accumulated depreciation	**(37,790)**	(34,215)
	40,700	4,796
Plant and equipment at independent valuation	**1,911,450**	1,947,950
Less: Accumulated depreciation	**(184,467)**	-
	1,726,983	1,947,950
Leased Plant and Equipment		
Capitalised Leased Assets	**311,194**	253,929
Less: Accumulated depreciation	**(79,632)**	(43,487)
	231,562	210,442
Total Plant and Equipment	**1,999,245**	2,163,188
Total Property, Plant and Equipment	**2,024,265**	2,190,988

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:

	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	$	**$**	**$**	**$**
Consolidated Entity:				
Carrying amount at the beginning of the year	**27,800**	**1,952,746**	**210,442**	**2,190,988**
Additions	**-**	**39,479**	**57,266**	**96,745**
Disposals	**-**	**(36,500)**	**-**	**(36,500)**
Depreciation expense	**(2,780)**	**(188,675)**	**(36,146)**	**(227,601)**
Write-back on disposals	**-**	**633**	**-**	**633**
Carrying amount at the end of the year	**25,020**	**1,767,683**	**231,562**	**2,024,265**

Notes to the Financial Statements

for the year ended 30 June 2015

Note 15 Property, Plant and Equipment (Cont'd)

Revaluation of Plant and Equipment to Fair Value

In accordance with the measurement choice available under AASB 116 Property, Plant & Equipment and in order to reflect fair value, subsidiary Bambach Wires and Cables Pty Ltd (BWC) has obtained an independent valuation of existing plant and equipment as at 30 June 2014. The valuation report was completed under the following bases of value:

Fair Market Value in Continued Use (FMVICU)

Reinstatement with New Value (RIV)

The fair value of BWC Plant and Equipment and Leasehold Improvements under FMVICU was $1,975,750 at 30 June 2014. The Board adopted this value, which resulted in an increase in net plant and equipment value of $931,109 in BWC at 30 June 2014. The revaluation amount was recognised in the Asset Revaluation Reserve and total reported BWC Plant and Equipment increased to $2,186,192 at 30 June 2014. A deferred tax liability of $225,262 at 30 June 2015 (2014: $279,333) has not been recognised in respect of the revaluation, as BWC has unrecognised tax losses available to offset any liability arising upon a disposal of plant and equipment. EGY has no plans to dispose of its plant and equipment.

RIV value was reported as $7,520,750.

The Group initially recognises and measures its Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures some classes of its plant and equipment and its leasehold improvements at fair value on a recurring basis in accordance with AASB 116: *Property, Plant and Equipment.* Refer Notes 1(g) and 1(y).

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into, as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 15 Property, Plant and Equipment (Cont'd)

EGY's management considers that the inputs used for the fair value measurement are Level 2 and Level 3 inputs.

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical of similar assets.
- Income approach: techniques that convert future cash flows or income and expenses into a single discounted present value.
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

EGY commissioned an external independent valuer to conduct a valuation of its unencumbered plant and equipment and leasehold improvements at 30 June 2014 using a market approach technique. The technique predominantly used recent observable market data for similar new equipment in Australia, adjusted for loss in value caused by physical deterioration, functional obsolescence and economic obsolescence. EGY's management considers that the market approach is the appropriate valuation technique in relation to its plant and equipment and leasehold improvements.
Inputs used in the market approach technique to measure Level 2 fair values were:

- current replacement cost of the property being appraised less the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence,
- historical cost and relevant market data and industry expertise,
- sales comparison for assets where available.

The assessments of the physical condition, functional obsolescence and economic obsolescence are considered Level 3 inputs.

EGY management has determined that the fair value of the revalued plant and equipment as at 30 June 2015 does not differ materially from its carrying value.

Recurring fair value measurements:

	Level 2 2015 $	Level 2 2014 $
Plant and equipment	**1,726,983**	1,947,950
Leasehold improvements	**25,020**	27,800
Total non-financial assets recognised at fair value	**1,752,003**	1,975,750

The highest and best use of the assets is the fair market value in continued use, using the market approach technique.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16 Intangible Assets

	Consolidated	
	2015	2014
	$	$
Trademarks, computer software and licenses at cost	**17,686**	17,686
Accumulated amortisation and impairment	**(11,290)**	(7,247)
Net carrying value	**6,396**	10,439
Development Assets	**283,840**	-
Accumulated amortisation and impairment	**-**	-
Net carrying value	**283,840**	-
Total intangible assets	**290,236**	10,439
Consolidated Entity:		
Year ended 30 June 2015		
Balance at the beginning of the year	**10,439**	17,686
Additions	**283,840**	-
Amortisation	**(4,043)**	(7,247)
Balance at the end of the year	**290,236**	10,439

Intangible assets have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense.

The recoverable amount of intangible development assets have been assessed using a discounted cash flow methodology forecasting five years of pre-tax cash flows.

The following describes each key assumption on which management has based its value in use calculations:

(a) Five year pre-tax cash flow projections, based upon management approved budgets and growth rates covering a one year period, with the subsequent periods based upon management expectations of growth excluding the impact of possible future acquisitions, business improvement capital expenditure and restructuring.

(b) The discount factor used was 13.2% in 2015.

(c) The Directors have concluded that the recoverable amount of the intangible development assets and other intangibles exceed their carrying value.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 17 Other Assets

	Consolidated	
	2015	2014
	$	$
CURRENT		
Prepayments	**361,127**	255,637
	361,127	255,637

Note 18 Trade and Other Payables

CURRENT		
Unsecured liabilities:		
Trade payables	**1,862,466**	2,150,917
Sundry payables and accrued expenses	**1,431,166**	1,574,993
	3,293,632	3,725,910

Trade payables are based on normal terms of trade, typically 60 days from end of month.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 19 Financial Liabilities

	Note	Consolidated	
		2015	2014
		$	$
CURRENT			
Secured liabilities:			
Invoice finance facility	**(a)**	**1,239,873**	1,677,623
Hire Purchase liability	**(a)**	**93,045**	71,439
Deferred acquisition consideration		**-**	817,519
		1,332,918	2,566,581
Unsecured liabilities:			
Loan – Director related entity		**895,531**	-
Directors and executive loans		**260,000**	260,000
		1,155,531	260,000
Total Current Financial Liabilities		**2,488,449**	2,826,581
NON CURRENT			
Secured liabilities:			
Hire Purchase liability	**(a)**	**104,307**	135,109
Convertible Notes	**(b)**	**2,800,000**	700,000
Total Non-Current Financial Liabilities		**2,904,307**	835,109
Total Financial Liabilities		**5,392,756**	3,661,690
Total current and non-current secured liabilities:			
Invoice finance facility		**1,239,873**	1,677,623
Hire purchase liability		**197,352**	206,548
Deferred acquisition consideration		**-**	817,519
Convertible Notes		**2,800,000**	700,000
		4,237,225	3,401,690

(a) The parent entity (EGY) has guaranteed the obligations of subsidiary Bambach Wires and Cables Pty Ltd (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 $2,200,000 supported by a charge over the rights, property and undertaking of EGY.

(b) EGY raised $2,100,000 (FY2014 $700,000) by the issue of secured convertible notes, resulting in the issue of a further 2,100 Convertible Notes each with a face value of one thousand dollars to investors. Convertible Notes are secured by a second ranking charge over certain assets and undertakings of Bambach Wires & Cables Pty Ltd. Shareholder approval to the issue of the Convertible Notes was given at the Annual General Meeting of the company held on 27 November 2014 and the General Meeting held on 28 July 2015. Each investor was paid interest at the rate of one per cent (1%) per annum on the amount of their commitment from the time of commitment and each Convertible Note bears interest at the rate which is eight percentage points higher than the RBA Cash Rate from time to time (currently 10%), from subscription until conversion. Interest is payable monthly in arrears. The Convertible Notes will mature on 1 November 2016.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 20 Tax

	Note	Consolidated	
		2015	2014
		$	$
(a) Deferred Tax Assets			
Deferred tax assets comprise:			
Provisions		**193,908**	168,955
Property, plant and equipment		**-**	40,406
Unrealised foreign exchange (gain) loss		**29,976**	(1,404)
		223,884	207,957
(b) Reconciliations			
(i) Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		**207,957**	215,595
Charge to the income statement	**4**	**15,927**	(7,638)
Closing balance		**223,884**	207,957

Notes to the Financial Statements

for the year ended 30 June 2015

Note 20 Tax (Cont'd)

	Note	Consolidated	
		2015	2014
		$	$
(ii) Deferred Tax Assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		**168,955**	159,223
Credited (charge) to the income statement		**24,953**	9,732
Closing Balance		**193,908**	168,955
Property, plant and equipment			
Opening balance		**40,406**	42,410
(Charge) to the income statement		**(40,406)**	(2,004)
Closing Balance		**-**	40,406
Unrealised foreign exchange (gain) loss			
Opening balance		**(1,404)**	13,962
(Charge) credited to the income statement		**31,380**	(15,366)
Closing Balance		**29,976**	(1,404)
Total Deferred Tax Assets		**223,884**	207,957
(c) 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 are:			
Temporary differences		**40,113**	30,317
Tax losses: capital losses		**1,371,218**	1,368,908
Tax losses: operating losses		**3,761,759**	3,617,255
Less potential tax loss benefits offset against deferred tax liability - refer (d)		**(225,262)**	(279,333)
Tax losses: operating losses net of offsets		**3,536,497**	3,337,922
(d) Deferred tax liability not recognised due to the existence of unrecognised tax losses available for offset:			
Revaluation of plant and equipment, and leasehold improvements		**225,262**	279,333
Less: Offset of unrecognised tax loss benefit		**(225,262)**	(279,333)
Net deferred tax liability		**-**	-

Notes to the Financial Statements

for the year ended 30 June 2015

Note 21 Other Liabilities

	Consolidated	
	2015	2014
	$	$
NON CURRENT		
Royalty Component acquisition of subsidiary	**-**	521,520
	-	521,520

Note 22 Provisions

CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**545,840**	492,864
Additional provisions raised during year	**18,803**	52,976
Balance at end of the year	**564,643**	545,840
NON CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**25,486**	61,904
Additional provisions raised/(paid) during year	**9,906**	(36,418)
Balance at end of the year	**35,392**	25,486
Analysis of Total provisions		
Current	**564,643**	545,840
Non-current	**35,392**	25,486
	600,035	571,326

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 and annual leave not expected to be settled within twelve months, the probability of that 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.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 23 Issued Capital

	Consolidated	
	2015	2014
	$	$
Number of Ordinary shares fully paid 224,528,463 (2014: 224,528,463):	**8,374,278**	8,374,278
	8,374,278	8,374,278

Ordinary Shares

	Number	Number
At the beginning of reporting period	**224,528,463**	165,847,091
Shares issued during year		
- 18 September 2013	**-**	2,083,333
- 5 December 2013	**-**	11,764,705
- 20 December 2013	**-**	44,833,334
At reporting date	**224,528,463**	224,528,463

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

	Consolidated	
	2015	2014
	$	$
Exchange differences arising on translation of foreign controlled subsidiaries	**(1,980,885)**	(1,976,363)
Asset Revaluation	**931,109**	931,109
	(1,049,776)	(1,045,254)

Share Based Payments Reserve:

During the year the company issued 2,800,000 options to staff under the Share Option Plan but the fair value of the options at grant date was negligible and accordingly not recognised in the Share Based Payments Reserve (refer Note 30).

Notes to the Financial Statements

for the year ended 30 June 2015

Note 25 Parent Entity Disclosures

(a) Financial Position

	2015	2014
	$	$
CURRENT ASSETS		
Cash and cash equivalents	**4,704**	897
Trade and other receivables	**2,296,870**	750,054
Financial Assets	**-**	5,367
Other Current Assets	**25,121**	25,122
TOTAL CURRENT ASSETS	**2,326,695**	781,440
NON CURRENT ASSETS		
Financial Assets	**1,161,143**	2,315,919
Property, plant and equipment	**2,857**	4,796
Intangible assets	**6,396**	10,439
TOTAL NON CURRENT ASSETS	**1,170,396**	2,331,154
TOTAL ASSETS	**3,497,091**	3,112,594
CURRENT LIABILITIES		
Trade and other payables	**466,434**	385,061
Financial liabilities	**-**	817,519
Short-term provisions	**123,537**	96,792
TOTAL CURRENT LIABILITIES	**589,971**	1,299,372
NON CURRENT LIABILITIES		
Financial liabilities	**2,800,000**	700,000
Other non-current liabilities	**-**	521,520
TOTAL NON CURRENT LIABILITIES	**2,800,000**	1,221,520
TOTAL LIABILITIES	**3,389,971**	2,520,892
NET ASSETS	**107,120**	591,702
EQUITY		
Issued capital	**8,374,278**	8,374,278
Accumulated Losses	**(8,079,939)**	(7,597,877)
Asset Revaluation Reserve	**(187,219)**	(184,699)
TOTAL EQUITY	**107,120**	591,702

Notes to the Financial Statements

for the year ended 30 June 2015

Note 25 Parent Entity Disclosures (Cont'd)

(b) Financial Performance

	2015 **$**	2014 $
Loss for the year	**(482,061)**	(925,510)
Other comprehensive Loss	**(2,520)**	(64,734)
Total Comprehensive Loss	**(484,581)**	(990,244)

(c) Parent entity result includes impairment of investment in controlled entities of $1,152,256 (2014: $1,020,186)

(d) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries $2,200,000 (2014: $2,360,000). Refer Note 19(a)

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

(f) Commitments for the acquisition of Property, Plant and Equipment by the parent entity $NIL (2014 $NIL)

Note 26 Capital and Leasing Commitments

	Consolidated	
	2015	2014
	$	$
(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	**657,870**	720,852
— between 12 months and 5 years	**2,641,127**	839,099
	3,297,797	1,559,951
(b) Finance Lease Commitments		
— not later than 12 months	**93,045**	71,439
— between 12 months and 5 years	**104,307**	135,109
Payable — minimum lease payments	**197,352**	206,548
Less future finance charges	**41,438**	40,142
Present value of minimum lease payments	**155,914**	166,406

Notes to the Financial Statements

for the year ended 30 June 2015

Note 27 Contingent Liabilities

(a) 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.

(b) Bank Guarantee

Since 30 June 2013 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 $2,200,000 supported by a Charge over the rights, property and undertaking of EGY.

(c) 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 sixth year excluding outgoings is $324,595. DPPL was entitled to rental incentive rebates over the first three years of the lease.

(d) Sale of Assets of DPIL

Contractual obligations were completed between the company and the purchaser of DPIL assets during the financial year. No further impact on the company is expected

(e) Return of Capital

On 17 October 2012, shareholders of EGY approved the return of excess capital at the rate of 2c per share to the owners of those shares on 24 October 2012, in one or more tranches as the directors see fit. Soon after 24 October, the first tranche of 1.5 cents per share was paid.

As a result of a the dramatic decline in the trading conditions for BWC beginning in about November 2012, and the resulting decline in sales, it was necessary to devote the financial resources of the EGY group to supporting BWC. Accordingly, directors have not resolved to pay the balance of the payment.

This amount remains to be returned to shareholders when conditions permit. The total amount remaining to be returned to shareholders amounts to $829,235, and will be paid when the financial position of the group permits it.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 28 Segment Reporting

Primary reporting - Business segments

The group's primary business segment is Specialist and Industrial Cables. 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 is 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		Acquisition of Non-current Segment Assets	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Geographical location:						
Asia	**1,169**	15,808	**104,998**	106,285	**-**	-
Australia	**12,914,364**	14,283,718	**12,656,188**	13,345,367	**380,585**	120,334
Eliminations	**-**	-	**(3,367,643)**	(4,379,504)	**-**	-
	12,915,533	14,299,526	**9,393,543**	9,072,148	**380,585**	120,334

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29 Cash Flow Information

	Note	Consolidated 2015 $	2014 $
(a) Reconciliation of Cash Flow from Operations with Net Profit/(Loss) after Income Tax			
Net profit/(loss) after income tax		**(475,539)**	(1,056,201)
Non-cash flows in profit/(loss)			
Depreciation of non-current assets		**227,600**	232,031
Amortisation of intangibles		**4,043**	4,043
Unrealised foreign exchange movements		**85,262**	8,587
Net loss on disposal of property, plant and equipment		**12,458**	3,439
Net gain on disposal of financial assets		**(349)**	-
Non-Operating Cash Flow Cash Items			
Shares issued in lieu of directors fees		**-**	18,750
Reduction in deferred acquisition consideration liability		**(1,139,039)**	(224,546)
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		**507,825**	(1,688,758)
(Increase)/decrease in inventories		**(566,388)**	77,685
Increase/(decrease) in trade payables and accruals		**(432,278)**	1,102,841
(Increase)/decrease in deferred tax asset		**(15,927)**	7,638
Net (increase) /decrease in value of other current assets		**(105,490)**	101,731
Increase/(decrease) in provisions for employee entitlements		**28,709**	16,558
Cash flow (outflows) from operations		**(1,869,113)**	(1,396,202)

(b) Non-cash Financing and Investing Activities

Share issues:

On 18 September 2013, the company issued 2,083,333 ordinary shares at $0.009 per share for payment of directors' fees under the directors' equity plan.

(c) Credit Facilities

The Group has in place an invoice financing facility with a limit of $2,000,000 and a current interest rate of 10.37%. At balance date $1,239,873 (2014: $1,677,623) of this facility had been utilised.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 30 Share-Based Payments

(a) Employee Share Option Plan

The following share-based payment arrangements existed at 30 June 2015 under the EGY Share Option Plan:

The plan provides for any employee or director or officer, who has been an employee, director or officer of the company or any subsidiary for longer than six months to receive an offer from the company for options over ordinary shares for no consideration.

Each option is convertible to one ordinary share and the option holds no voting or dividend rights. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The exercise price of the options determined in accordance with the Rules of the plan is based on the weighted average price of the Company's shares traded on the ASX during the twenty trading days prior to the date of the offer.

Options are exercisable commencing either 1) For employees, directors or officers who have been in the employ of the company or any controlled entity for longer than 12 months, 14 days after the acceptance of the offer by the employee; or 2) for any other employee, director or officer, 14 days after such person completes 12 months of employment with the company or any of its controlled entities. All options expire on the earlier of three years after their issue or 12 months after the termination of the employee's employment.

	Consolidated			
	2015		2014	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	**-**		-	
Granted	**2,800,000**	**0.008 cents**	-	
Forfeited	**-**		-	
Exercised	**-**		-	
Outstanding at year-end	**2,800,000**		-	

(i) The options were granted on 13 February 2015. No options were issued to Directors. The expiry date for the options is 13 February 2018.

(b) Share issues

On 18 September 2013, the company issued 2,083,333 ordinary shares at $0.009 per share for payment of directors' fees under the directors' equity plan.

Note 31 Events After the Reporting Period

There are no matters or circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial years.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 32 Related Party Transactions

No loans were made, guaranteed or secured by any entity in the consolidated entity to any group of specified directors and specified executives during the financial year.

Loans by Directors to the company

Included in the Convertible Note issue raised in the 2014 year were Directors and related parties of directors, Gary A Ferguson and Philip W Dulhunty, who invested $250,000 and were issued 250 Convertible Notes. During the 2015 year, a total of $44,972 (2014: $12,114) was accrued as interest on these loans from directors or their related parties. Refer also Note 19.

Loans by Directors to subsidiary company

During the 2014 year a director, Gary Ferguson made loans of $240,000 and other key management personnel made loans of $20,000 to subsidiary Bambach Wires and Cables Pty Ltd. These loans are unsecured and repayable on demand. Interest is paid at the rate of twelve percent per annum. Interest accrued on these loans for the 2015 year was $31,456 (2014: $6,003). Refer also Note 19.

During the 2015 year a director, Alfred Chown made a loan of $250,000 to a related entity Bamtech Finance Pty Ltd. This entity advanced these funds in an arms-length transaction to subsidiary Bambach Wires and Cables Pty Ltd. The loan to Bamtech is unsecured. Interest is paid by Bamtech at the rate of twelve percent per annum. The Bamtech loan to subsidiary Bambach Wires and Cables Pty Ltd is unsecured and interest is also charged at twelve percent per annum. The balance owing at 30 June 2015 of $895,531 includes interest charged of $115,509.

Dulhunty Poles Pty Ltd (DPPL) – Associated Entity

(i) Management fee

During the previous financial year EGY received management fees from DPPL in return for services provided. These fees this year totalled NIL (2014: $61,200).

(ii) Lease Guarantee

Refer Note 27 Contingent Liabilities. EGY has guaranteed the lease obligation of DPPL.

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 $12,000 (2014: $12,000) and is included in directors' emoluments.

Mr Michael Butcherine is principal of legal practice Michael Butcherine Solicitor. During the period Energy Technologies Limited received legal advice from this entity and paid $6,900 (2014: $5,000) in fees. Mr Butcherine is also a director of The Western Division Pty Limited which received consulting fees totalling $NIL (2014: $35,000) during the period. The balance outstanding as at 30 June 2015 to Michael Butcherine Solicitor was $8,231.30 and the balance outstanding to The Western Division Pty Limited $NIL.

The transactions above are on normal commercial terms and conditions.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 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 FY2014.

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 operates internationally through its subsidiary company DPIL based in 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.

The gearing ratio at year end was as follows:

	Consolidated	
	2015	2014
	$	$
Financial Assets		
Debt (i)	**5,392,756**	3,661,690
Cash and cash equivalents	**(99,317)**	(65,609)
Net Debt	**5,293,439**	3,596,081
Equity (ii)	**107,120**	591,702
Net Debt to Equity ratio	**4942%**	608%

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

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

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 Financial Risk Management Disclosures (Cont'd)

(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, convertible notes, 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.

(i) 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.

(ii) 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 maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries and associates (Refer Note 19 (a) and (b) for details).

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 customers' 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 2015.

(iii) 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.

(iv) Liquidity and interest rate tables

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

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 Financial Risk Management Disclosures (Cont'd)

	Effective Weighted Average Interest Rate - %		Floating Interest Rate $		Fixed Rate Within One Year $		Fixed Rate Over 1-5 Years $		Non-interest Bearing $		Total $	
CONSOLIDATED ENTITY	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Financial Assets:												
Cash and cash equivalents	**2.35**	2.85	**99,317**	65,609	**-**	-	**-**	**-**	**-**	-	**99,317**	65,609
Receivables	**-**	-	**-**	-	**-**	-	**-**	**-**	**2,891,736**	3,399,561	**2,891,736**	3,399,561
Investments	**-**	-	**-**	-	**-**	-	**-**	**-**	**-**	5,367	**-**	5,367
Total Financial Assets			**99,317**	65,609	**-**	-	**-**	**-**	**2,891,736**	3,404,928	**2,991,053**	3,470,537
Financial Liabilities:												
Trade payables	**-**	-	**-**	-	**-**	-	**-**	-	**1,862,466**	2,150,917	**1,862,466**	2,150,917
Sundry payables		-	**-**	-	**-**	-		-	**1,431,166**	1,574,993	**1,431,166**	1,574,993
Invoice finance facility	**10.37**	10.87	**1,239,873**	1,677,623	**-**	-		-	**-**	-	**1,239,873**	1,677,623
Hire purchase liability	**10.10**	9.67	**-**	-	**93,045**	71,439	**104,307**	135,109	**-**	-	**197,352**	206,548
Deferred acquisition consideration	**-**	-	**-**	-	**-**	-	**-**	-	**-**	817,519	**-**	817,519
Loans from directors and executives	**12.00**	12.00	**-**	-	**-**	-	**260,000**	260,000	**-**	-	**260,000**	260,000
Convertible notes	**10.00**	10.50	**2,800,000**	700,000		-	**-**	-	**-**	-	**2,800,000**	700,000
Loan – Director related entity	**12.00**	-	**-**	-	**895,531**	-	**-**	-	**-**	-	**895,531**	-
Total Financial Liabilities			**4,039,873**	2,377,623	**988,576**	71,439	**364,307**	395,109	**3,293,632**	4,543,429	**8,686,388**	7,387,600
Net financial assets (liabilities)			**(3,940,556)**	(2,312,014)	**(988,576)**	(71,439)	**(364,307)**	(395,109)	**(401,896)**	(1,138,501)	**(5,695,335)**	(3,917,063)

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 Financial Risk Management Disclosures (Cont'd)

(v) 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 2015 and 2014.

(vi) 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.

(vii) 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 Dollar (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**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
US Dollars	**1,081**	266	**213**	33
Euros	**74**	104	**-**	-
Thai Baht	**2**	1	**-**	-
Chinese RMB	**27**	23	**72**	58
Hong Kong Dollars	**87**	64	**3**	3
Swiss Francs	**-**	-	**-**	-
Total	**1,271**	458	**288**	94

(viii) 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 Group's 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 US Dollars.

At 30 June 2015 the details of outstanding forward exchange contracts are:

	Average exchange rate		**Foreign currency amount**		**Contract value in $A**		**Fair Value In $A**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Consolidated – less than 3 months								
Buy USD	**0.7731**	-	**167,611**	-	**216,804**	-	**1,438**	-

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management (Cont'd)

(ix) Foreign currency sensitivity analysis

The following table details the EGY Group's 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	**2015**	2014
	$'000	$'000
US Dollars	**(96)**	(26)
Euros	**(8)**	(12)
Chinese RMB	**4**	5
Hong Kong Dollars	**(9)**	(7)
Swiss Francs	**-**	-
Total	**(109)**	(40)

(x) 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 and long term borrowings at fixed rates maturing over periods of between 1 to 5 years. The Group's variable rate financial securities consist of bank facilities and convertible notes managed in Australia.

(xi) 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	
	2015	2014
	$'000	$'000
Change in Net Profit:		
Interest rise by 2% (200 basis points)	**(106)**	(72)
Interest cut by 2% (200 basis points)	**106**	72
Change in Equity:		
Interest rise by 2% (200 basis points)	**(106)**	(72)
Interest cut by 2% (200 basis points)	**106**	72

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management (Cont'd)

(xii) Price Risk

The EGY Group is exposed to commodity price risk on the purchase of raw materials through its manufacturing operations in Australia. Futures markets and Economic Forecasts are monitored to determine whether to implement a commodity hedging policy.

(xiii) 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.

	Year Ended 30 June 2015				Year Ended 30 June 2014			
	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	**-**	**-**	**-**	**-**	5,367	-	-	5,367
	-	**-**	**-**	**-**	5,367	-	-	5,367
Financial Liabilities								
Derivative instruments								
• Foreign exchange contracts	**1,438**	**-**	**-**	**1,438**	-	-	-	-
	1,438	**-**	**-**	**1,438**	-	-	-	-

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 unobservable 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.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 34 New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards and Interpretation from the mandatory application date of 1 January 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities; and
- AASB Interpretation 21 Levies.

The adoption of these new accounting standards and interpretation has not had a significant impact on the Group's financial statements

The Group adopted the following Australian Accounting Standards from the mandatory application date of 1 July 2014:

AASB 2014-1: Amendments to Australian Accounting Standards (Parts A, B and C)

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: Share-based Payment;
- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets;
- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: Operating Segments; and
- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: Related Party Disclosures.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: Materiality in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 35 New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 2014-1: Amendments to Australian Accounting Standards (Parts D and E).

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14: Regulatory Deferral Accounts in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: Financial Instruments: Disclosures, and to AASB 132: Financial Instruments: Presentation to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group’s financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

Notes to the Financial Statements

for the year ended 30 June 2015

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

- identify the contract(s) with a customer;

- identify the performance obligations in the contract(s);

- determine the transaction price;

- allocate the transaction price to the performance obligations in the contract(s); and

- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.
Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

Directors' Declaration

The directors of Energy Technologies Limited declare that:

1. the financial statements and notes, as set out on pages 23 to 69, 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 2015 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Managing Director and Chief Financial Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Alfred J. Chown
Chairman/Managing Director

Sydney, 30 September 2015

Independent Auditor's Report

Russell Bedford NSW
Chartered Accountants

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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 2015, the consolidated income statement, 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.

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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 2015 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).

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1(c) in the financial report, which advises that during the year ended 30 June 2015 the consolidated entity incurred a net loss after tax and non-controlling interest of $429,960 (2014: loss of $987,407) and negative cash flows from operations of $1,869,113 (2014: $1,396,202). Net Assets at 30 June 2015 were $107,120 (2014: $591,702). These conditions, along with other matters as set forth in Note 1(c), indicate the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on The Remuneration Report
We have audited the Remuneration Report included on pages 10 to 13 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the Corporations Act 2001.

Russell Bedford NSW
Chartered Accountants

GREGORY RALPH, M.COM., FCA
Partner

Sydney, 30 September, 2015

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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 2015.

(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	107	61,167
1,001	- 5,000	257	629,791
5,001	- 10,000	113	843,697
10,001	- 100,000	187	6,902,497
100,001	and over	131	216,091,310
The number of shareholders holding less than a marketable parcel of shares are:		795	224,528,462

(b) Twenty largest shareholders

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

No	Name	No. of shares	%
1	A.J. Chown	**38,160,691**	17.00
2	Patricia N Vagg & Michael D Butcherine	**14,736,187**	6.56
3	Richlake Pty Ltd	**13,838,235**	6.16
4	Electric Super Cats P/L - BAWD Holdings	**12,600,000**	5.61
5	Richcreek Pty Ltd – GA & CJ Ferguson S/F A/C	**9,633,704**	4.29
6	Zurich Square Investment Limited	**9,498,375**	4.23
7	Jaspero Pty Ltd	**8,916,667**	3.97
8	Anthony C Wilson	**5,800,000**	2.58
9	Brendon A Park	**5,310,194**	2.37
10	Edmund Lacis	**5,103,286**	2.27
11	Gregory R. Knoke - The Knoke Super Fund A/C	**5,085,945**	2.27
12	Peter Duhunty	**5,050,103**	2.25
13	Alex Hill	**4,548,582**	2.03
14	Philip Dulhunty Pty Ltd	**4,500,000**	2.00
15	Philip W Dulhunty	**3,628,468**	1.62
16	JP Morgan Nominees Australia Limited	**3,322,709**	1.48
17	Preen Holdings Pty Ltd – Preen Employees Super Fund A/C	**3,291,470**	1.47
18	Martin Thomas	**2,686,946**	1.20
19	Forsyth Barr Custodians Ltd	**2,577,723**	1.15
20	Granic Pty Ltd	**2,451,379**	1.09
		160,740,664	71.60

ASX Additional Information (Cont'd)

(c) Substantial shareholders

The number of shares held by substantial shareholders are:

	Number of Shares
A.J. Chown	38,160,691
Patricia N Vagg & Michael D Butcherine	14,736,187
Richlake Pty Ltd	13,838,235
Electric Super Cats Pty Ltd	12,600,000

(d) Voting rights

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