ENERGY TECHNOLOGIES LIMITED (ASX: EGY)

ABN 38 002 679 469

Half-Year Financial Report

for the half-year ended 31 December 2014

Corporate Information

ABN 38 002 679 469

Directors

Alfred J. Chown (Acting 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 4, 60 Carrington Street

Sydney NSW 2000

Telephone:- 1300 850 505 or +61 (0)2 8234 5000

Facsimile:- +61 (0)2 8234 5050

Auditors

Gould Ralph Assurance

Chartered Accountants

Level 29, Suncorp Place

259 George Street

SYDNEY NSW 2000

Telephone: - +61 (0)2 9032 3000

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2014

DIRECTORS

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

Alfred J. Chown (Acting Chairman, Managing Director) Appointed 4 July 1997.

Gary A. Ferguson (Non-Executive Director) Appointed on 1 October 2012.

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

Michael D. Butcherine (Non-Executive Director) Appointed 14 December 2009. Resigned 5 December 2014.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities during the half-year of entities within the economic entity were:

- the manufacture and sale of specialist industrial cables
- development of energy generation technology

REVIEW AND RESULTS OF OPERATIONS

The half year to 31 December 2014 continued to be challenging for the group, although the group results were much improved. EGY reported a consolidated loss after tax and minorities of $27,156 in comparison with the half year to 31 December 2013 result of a consolidated loss of $395,374. Despite this, overall revenue from operating activity at $5,360,488 was 13% down on the previous reporting period. EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of $597,365 compared to the reported loss for the six months to 31 December 2013 of $258,023. However the 2013 half year loss included a large R &D Grant item of $698,090 which related to both the FY 2013 and HY 2013 periods. Excluding this the 31 December 2014 result is an improvement on the previous period. BWC continues to focus on the development of new markets and new and improved branded products with an amount of $360,000 accrued this financial year to date for FY2015 R&D Grant. Overall costs have been significantly reduced and savings have been achieved through sourcing less costly raw materials and securing supply of higher margin purchased product. Overall margins have increased as well on achieved sales.

The parent entity continues to reduce costs and has reported a profit after tax for the half year of $592,418. This result includes a further negotiated reduction in BWC vendor liability of $839,039. Subsequent to 31 December 2014 the BWC vendor liability has been fully retired under a negotiated settlement that resulted in a further final gain of $300,000.

Recently EGY sought to raise further funds by the issue of secured convertible notes, as approved by shareholders at the AGM held on 27 November 2014. This raising is currently oversubscribed with $2.1m subscribed by new investors. As recently announced to the ASX, a General Meeting will shortly be held to seek further shareholder approval to raise additional funds through the issue of Convertible Notes. Funds raised have been applied in the retirement of BWC vendor debt, for specific factory capital expenditure and to meet working capital requirements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Directors.

Alfred J Chown
Managing Director
Sydney, 27 February 2015

GouldRalph
ASSURANCE

Chartered Accountants
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27 February 2015

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

Dear Members of the Board

Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

As the lead audit partner for the review of the financial statements of Energy Technologies Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief there have been no contraventions of:

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

Yours sincerely
GOULD RALPH ASSURANCE

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

Condensed Consolidated Statement of Profit or Loss

Half-year Ended 31 December 2014

		CONSOLIDATED	
		31 December 2014	31 December 2013
		$	**$**
Continuing Operations			
Sales revenue	**3(i)**	**5,360,488**	6,150,376
Other revenues	**3(i)**	**1,233,586**	821,168
Total revenue from continuing operations		**6,594,074**	6,971,544
Cost of sales		**(4,225,839)**	(4,785,738)
Marketing expenses		**(27,558)**	(14,639)
Occupancy expenses		**(269,359)**	(231,265)
Administration expenses		**(1,749,526)**	(2,051,006)
Depreciation and amortisation expenses		**(52,483)**	(118,993)
Other expenses		**(71,115)**	(40,094)
Share of net loss of associate		**-**	-
PROFIT/(LOSS) BEFORE FINANCE COSTS, INCOME TAX		**198,194**	(270,191)
Finance costs	**3(ii)**	**(250,879)**	(120,414)
(LOSS) BEFORE INCOME TAX		**(52,685)**	(390,605)
INCOME TAX BENEFIT/(EXPENSE)		**3,320**	(16,653)
(LOSS) FOR THE PERIOD		**(49,365)**	(407,258)
(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		**(27,156)**	(395,374)
Non-controlling interest		**(22,209)**	(11,884)
		(49,365)	(407,258)
Earnings per Share			
From continuing operations:			
• Basic earnings per ordinary share (cents)		**(0.01)**	(0.23)
• Diluted earnings per ordinary share (cents)		**(0.01)**	(0.23)

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-year Ended 31 December 2014

	CONSOLIDATED	
	31 December 2014	31 December 2013
(LOSS) FOR THE PERIOD	**(49,365)**	(407,258)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss		
Movement in foreign exchange relating to translation of controlled foreign entities	**(1,275)**	2,226
Exchange differences on foreign exchange relating to minorities	**(1,275)**	2,226
	(2,550)	4,452
TOTAL COMPREHENSIVE (LOSS)	**(51,915)**	(402,806)
TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:		
Owners of the parent	**(28,431)**	(393,148)
Non-controlling interest	**(23,484)**	(9,658)
	(51,915)	(402,806)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
as at 31 December 2014

	Note	CONSOLIDATED 31 December 2014 $	30 June 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**1,577,522**	65,609
Trade and other receivables		**2,616,950**	3,399,561
Inventories		**3,231,819**	2,936,590
Financial assets		**-**	5,367
Other current assets		**328,178**	255,637
TOTAL CURRENT ASSETS		**7,754,469**	6,662,764
NON CURRENT ASSETS			
Plant & equipment	4	**2,055,847**	2,190,988
Intangible assets		**8,417**	10,439
Deferred tax asset		**211,277**	207,957
Investments accounted for using the equity method	5	**-**	-
TOTAL NON-CURRENT ASSETS		**2,275,541**	2,409,384
TOTAL ASSETS		**10,030,010**	9,072,148
CURRENT LIABILITIES			
Trade and other payables		**3,697,413**	3,725,910
Financial liabilities		**2,293,304**	2,826,581
Provisions		**565,496**	545,840
TOTAL CURRENT LIABILITIES		**6,556,213**	7,098,331
NON-CURRENT LIABILITIES			
Financial liabilities	6	**2,896,564**	835,109
Provisions		**37,446**	25,486
Other non-current liabilities		**-**	521,520
TOTAL NON-CURRENT LIABILITIES		**2,934,010**	1,382,115
TOTAL LIABILITIES		**9,490,223**	8,480,446
NET ASSETS		**539,787**	591,702
EQUITY			
Issued capital	7	**8,374,278**	8,374,278
Reserves		**(1,046,529)**	(1,045,254)
Accumulated losses		**(6,240,648)**	(6,213,492)
Equity attributable to owners of the parent		**1,087,101**	1,115,532
Non-controlling interest		**(547,314)**	(523,830)
TOTAL EQUITY		**539,787**	591,702

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2014

	Issued Capital $	Reserves $	Accumulated Losses $	Non-Controlling Interest $	Total $
Balance at 1.7.2013	**7,717,528**	**(1,980,423)**	**(5,226,085)**	**(459,096)**	**51,924**
Comprehensive income					
Loss for the period	-	-	(395,374)	(11,884)	(407,258)
Other comprehensive income for the period, net of income tax	-	2,226	-	2,226	4,452
Total comprehensive income for the period	-	2,226	(395,374)	(9,658)	(402,806)
Transactions with owners, in their capacity as owners, and other transfers					
Capital Return	638,000	-	-	-	638,000
Shares issued in lieu of directors fees	18,750	-	-	-	18,750
Balance at 31.12.2013	**8,374,278**	**(1,978,197)**	**(5,621,459)**	**(468,754)**	**305,868**
Balance at 1.7.2014	**8,374,278**	**(1,045,254)**	**(6,213,492)**	**(523,830)**	**591,702**
Comprehensive income					
Profit /(Loss) for the period	-	-	(27,156)	(22,209)	(49,365)
Other comprehensive income for the period, net of income tax	-	(1,275)	-	(1,275)	(2,550)
Total comprehensive income for the period	-	(1,275)	(27,156)	(23,484)	(51,915)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of Equity	-	-	-	-	-
Shares issued in lieu of directors fees	-	-	-	-	-
Balance at 31.12.2014	**8,374,278**	**(1,046,529)**	**(6,240,648)**	**(547,314)**	**539,787**

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2014

	CONSOLIDATED	
	31 December 2014	31 December 2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**6,528,811**	5,496,544
Payments to suppliers and employees	**(6,626,712)**	(6,351,894)
Borrowing costs	**(250,879)**	(120,414)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	**(348,780)**	(975,764)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(17,869)**	(112,081)
Proceeds from sale of property, plant and equipment	**23,409**	6,955
Proceeds from sale of financial assets	**5,716**	-
Payment for subsidiary	**-**	(260,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	**11,256**	(365,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of issue of shares	**-**	638,000
Proceeds of issue of convertible notes	**2,100,000**	518,000
Proceeds from borrowings	**-**	745,573
Repayment of borrowings	**(254,302)**	(506,292)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**1,845,698**	1,395,281
NET INCREASE/(DECREASE) IN CASH HELD	**1,508,174**	54,391
Cash at beginning of the financial period	**65,609**	68,465
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	**3,739**	1,100
CLOSING CASH BALANCE AT END OF FINANCIAL PERIOD	**1,577,522**	123,956

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Half –Year Financial Statements

31 December 2014

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) **Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Energy Technologies Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the Annual Financial Report of Energy Technologies Limited as at 30 June 2014 together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

(b) **Going Concern**

During the half-year period the consolidated entity improved its liquidity position by raising $2.1m through a non-current convertible note offering which was oversubscribed. Funds raised have been applied in the retirement of BWC vendor debt, for specific factory capital expenditure and to meet working capital requirements. At balance date, the consolidated entity had net current assets of $1.2m.

Whilst the consolidated entity incurred a loss after tax for the Half Year to 31 December 2014 of $49,365 (December 2013: $407,258 loss) and incurred negative cash flows from operations of $348,780 (December 2013: $975,764), management have prepared forecasts and cash flow projections that indicate a return to profitability and the ability of the consolidated entity to continue as a going concern. The cash flow projections for the period to 31 March 2016 reflect a significant increase in sales revenues and further cost of sales reductions. The projections also include final retirement of the BWC Vendor liability to which the Vendor has agreed, resulting in a gain of $300,000 subsequent to balance date.

The Directors are confident of achieving the forecast results and this together with the successful recent raising of funds results in the Directors believing there is no material uncertainty regarding the consolidated entity continuing as a going concern and it is therefore appropriate to prepare these financial statements on that basis.

(c) **New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

Interpretation 21: Levies is mandatorily applicable for annual financial reporting periods commencing 1 January 2014 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2014 to 31 December 2014. The Interpretation clarifies that a liability to pay a government levy should be recognised when the activity triggering the payment has occurred.

This Interpretation is not expected to significantly impact the Company's financial statements.

Notes to the Half –Year Financial Statements

31 December 2014

2. SEGMENT INFORMATION

Primary reporting - Business segments

	Cables/Energy Infrastructure		Investment		Total	
	31/12/2014	31/12/2013	**31/12/2014**	31/12/2013	**31/12/2014**	31/12/2013
	$	$	**$**	$	**$**	$
Revenue	**5,753,951**	6,926,942	**840,123**	44,602	**6,594,074**	6,971,544
Segment result before income tax	**(519,103)**	(175,140)	**466,418**	(215,465)	**(52,685)**	(390,605)
Income tax expense(credit)	**(3,320)**	16,653	**-**	-	**(3,320)**	16,653
Segment Assets	**8,217,896**	8,046,567	**1,812,114**	319,020	**10,030,010**	8,365,587
Segment Liabilities	**6,546,310**	5,796,170	**2,943,913**	2,263,549	**9,490,223**	8,059,719

The group's primary business segment is specialist and industrial cables and energy generation technology.

3. REVENUE, INCOME AND EXPENSES

(i) Revenue from continuing operations

	31 December 2014 $	31 December 2013 $
Sale of goods	**5,360,488**	6,150,376
<u>Other Revenues:</u>		
Federal R&D Grant	**360,000**	698,090
Foreign exchange gains	**14,203**	-
Finance revenue	**735**	9,971
Management Fees	**0**	30,600
Discount on acquisition of subsidiary	**839,039**	-
Other income	**19,609**	82,507
Total Other Revenues	**1,233,586**	821,168
	6,594,074	6,971,544

(ii) Finance costs		
Bank loans and overdrafts	**250,879**	120,414
	250,879	120,414

Notes to the Half –Year Financial Statements

31 December 2014

4. PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 31 December 2014 the group acquired fixed assets at a cost of $17,869 (2013 $112,081).

Plant and equipment disposals during the half year ended 31 December 2014 provided net proceeds of $23,409 (2013: $6,955).

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	31 December 2014 $	30 June 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:				%	%	$
				Dec 2014	Jun 2014	
Dulhunty Poles Pty Limited	Manufacture & Sale of Glass Fibre Reinforced Cement Composite Power Poles	Australia	Ordinary	**36**	36	-
						-

6. INTEREST-BEARING LOANS AND BORROWINGS

During the half-year ended 31 December 2014 the group repaid $254,302 (2013: $506,292) of both long and short term interest bearing debt.

During the half year ended 31 December 2014 the group raised $2,100,000 (2013: $518,000) of long term interest bearing debt. This consists of 1,500 convertible notes, each with a face value $1,000, as approved at the 2014 Annual General Meeting and a further $600,000 funds raised as oversubscription, for which approval to issue convertible notes will be sought at the forthcoming General Meeting. The notes are interest bearing and have a maturity date of 31 October 2016. Each note may be converted to ordinary shares at any time up to maturity date at a fixed price of $0.01, subject to the provisions of the note document. Interest is calculated on the face value of each note at a rate which is eight percentage points higher than the RBA cash rate (totalling 10.5% per annum at balance date) from time to time paid monthly in arrears, until the earlier of the Maturity Date or the conversion of the Convertible Note.

Notes to the Half –Year Financial Statements

31 December 2014

7. CONTRIBUTED EQUITY

	31 December 2014 $	30 June 2014 $
Ordinary shares		
(i) Ordinary shares	**8,374,278**	8,374,278
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		

	No. of shares	$
Movement in ordinary shares on issue		
At 1 January 2014	**224,528,463**	8,374,278
At 30 June 2014	**224,528,463**	8,374,278
At 1 July 2014	**224,528,463**	8,374,278
At 31 December 2014	**224,528,463**	8,374,278

8. CONTINGENT LIABILITIES

Sale of Assets of Dulhunty Power International Limited (DPIL)

The contracted obligations between the company and the purchaser of DPIL assets concluded in October 2014 upon the expiry of the 3 year warranty period at no cost to the company

Other contingent liabilities of the group are materially as disclosed in the 30 June 2014 Annual Report.

9. RELATED PARTIES

During the half year ended 31 December 2014, the group purchased raw materials of $614,484 with a finance facility provided through a director related entity, Bamtech Finance Pty Limited. Directors Alfred Chown and Gary Ferguson are directors of Bamtech Finance Pty Limited. The balance of the finance facility owing at 31 December 2014 is also that amount. Interest is payable on the finance facility at the rate of 12%.per annum The terms and conditions of the finance facility are 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.

During the half year ended 31 December 2013, the group purchased new fixed assets by way of Hire Purchase agreement with an entity related to director Mr Gary Ferguson. The amount financed was $88,439 commencing November 2013 for a term of 48 months. The terms and conditions are 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.

Loans by Directors to subsidiary company

During FY2014 year a director, Mr 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 payable at the rate of 12% percent per annum. During the half year to 31 December 2014, a total of $15,728 was accrued as interest on these loans.

Notes to the Half –Year Financial Statements

31 December 2014

10. EVENTS SUBSEQUENT TO BALANCE DATE

Retirement of vendor debt

Subsequent to 31 December 2014 a full and final settlement has been obtained of all residual debt previously owing to the vendors of the wholly owned subsidiary, Bambach Wires and Cables Pty Ltd. This settlement removes all liability as recorded at 31 December 2014 and results in a further gain to the group of $300,000.

Options over Ordinary Shares

Subsequent to 31 December 2014 Energy Technologies Limited issued 2,800,000 options over ordinary shares to employees of the group under the Share Option Plan as approved at the Annual General Meeting (AGM) held on 27 November 2014. The options were issued at the exercise price of $0.008 and are exercisable in tranches over the three years subsequent to issue according to the rules of the plan.

General Meeting

Energy Technologies Limited has announced the intention to hold a General Meeting at a date to be advised to seek shareholder approval to raise further funds by way of Convertible Notes, in response to the over subscription of the convertible notes that were approved at the last AGM.

Other than as disclosed above, there has not arisen since the end of the financial period any matter of circumstance which, in the opinion of the directors of the Company, will significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Notes to the Half –Year Financial Statements

31 December 2014

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses various methods in estimating the fair value of financial instruments. 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 – 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 on a recurring basis are summarised in the table below.

	Half Year Ended 31 December 2014				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	-	-	-	-	9,393	-	-	9,393
	-	-	-	-	9,393	-	-	9,393
Financial Liabilities								
Derivative instruments								
• Contingent consideration	-	-	-	-	-	-	521,520	521,520
	-	-	-	-	-	-	521,520	521,520

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 period

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 16 are in accordance with the Corporations Act 2001, including:

    a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b) giving a true and fair view of the economic entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.

2. 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
Director
Sydney 27 February 2015

GouldRalph
ASSURANCE

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Independent Review Report
To The Members of Energy Technologies Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Energy Technologies Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Energy Technologies Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Energy Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review for a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters Relating to Electronic Publication of the Reviewed Financial Report

This review report relates to the financial report of Energy Technologies Limited and its controlled entity's for the half-year period ended 31 December 2014 included on the website of Energy Technologies Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Technologies Limited is not in accordance with the Corporations Act 2001 including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

GOULD RALPH ASSURANCE
Chartered Accountants

GREG RALPH M.Com., F.C.A.
Partner
Sydney, 27 February 2015