Environmental Clean Technologies Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Environmental Clean Technologies Limited
ABN:	28 009 120 405
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

The consolidated entity has adopted Accounting standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

				$
Revenues from ordinary activities	up	166.0%	to	86,790
Loss from ordinary activities after tax attributable to the owners of Environmental Clean Technologies Limited	down	26.7%	to	(1,713,943)
Loss for the half-year attributable to the owners of Environmental Clean Technologies Limited	down	26.7%	to	(1,713,943)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,713,943 (31 December 2018: $2,336,821).

Refer to the 'Review of operations' within the Directors' report for further commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.10)	(0.05)

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Net tangible assets have been calculated as follows:		
Net liabilities	(3,587,869)	(2,021,847)
Less: Right-of-use assets	(895,444)	-
Less: Intangibles	(48,369)	-
	(4,531,682)	(2,021,847)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

Not applicable

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Environmental Clean Technologies Limited for the half-year ended 31 December 2019 is attached.

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12. Signed

As authorised by the Board of Directors

Signed ______________________ Date: 27 February 2020

Glenn Fozard
Executive Chairman
Melbourne

Environmental Clean Technologies Limited

ABN 28 009 120 405

Interim Report - 31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Environmental Clean Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of Environmental Clean Technologies Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Glenn Fozard - Chairman
Barry Richards (resigned 11 September 2019)
David Smith
James Blackburn (appointed 11 September 2019)
Ashley Moore (appointed 11 September 2019)

Principal activities

During the financial period, the principal continuing activities of the consolidated entity consisted of investment, research, development and commercialisation of technologies which bridge the gap between today's use of resources and tomorrow's zero-emissions future, with emphasis on the energy and resource sectors. These included:

- development of a proposal for a large-scale demonstration project for the Coldry process;
- advancement of the Matmor process toward a proposed pilot scale plant; and
- managing the development of, and extracting value from, the consolidated entity's intellectual property.

Coldry Process

The Coldry process is low temperature, low pressure and therefore a low-cost method of de-watering low-rank coal to produce an upgraded black coal equivalent. The process is currently poised to progress from pilot-scale to demonstration-scale allowing techno-economic validation ahead of intended broader commercial roll-out.

The Coldry process produces pellets that are stable, easily stored, can be transported, and are of equal or higher energy value than many black coals. When used in energy generation, Coldry pellets have a significantly lower CO_2 footprint than the low rank coal from which they are made, providing a compelling emissions abatement solution.

The Coldry process also acts as a 'gateway technology', making an ideal front-end feedstock that enables numerous higher value upgrading applications such as coal to oil, gas and iron production. When integrated with the Matmor process, the Coldry process provides an essential and cost effective front-end drying and pelletising solution that enables the world's first and only low-rank coal based primary iron production method.

Essentially, the Coldry process combines two mechanisms to achieve efficient, cost-effective de-watering. Brown Coal Densification; and Waste Heat Utilisation. Brown Coal Densification is achieved through the destruction of the internal porous structures, mobilising the structurally trapped water within low-rank coal. Waste Heat Utilisation provides 'free' evaporative energy to remove the moisture, thereby minimising paid energy input, resulting in net energy uplift and net CO_2 reductions.

Matmor Process

Matmor is a cleaner, lower-emission, one-step process for producing high-grade primary iron, using low-rank coal to displace the need for coking coal, as used in the incumbent blast furnace process.

The Matmor process leverages a fundamentally different chemical pathway compared to the incumbent blast furnace process, enabling the use of alternative raw materials, providing a lower-cost primary iron making alternative.

Matmor creates a high-grade iron product from low-rank coal and ferrous media such as iron ore, mill scale or other iron bearing wastes or tailings. The process involves blending low-rank coal with iron ore or other metal oxide bearing media to form a paste that is dewatered using the Coldry process. The ‘composite’ pellets are then fed into the Company's simple low cost, low emission, patented Matmor retort where the remaining moisture is removed, the coal volatiles are harnessed and the iron oxides are reduced to metal.

The Matmor process operates below 1000 degrees Celsius, compared to a blast furnace which operates at around 1500 degrees Celsius. Lower temperature operation requires less energy input and results in less thermal stress on the plant, enabling lower cost materials to be used in its construction.

Matmor metal product is an ideal feedstock for the production of specific grades and forms of iron and steel, via secondary processes such as electric arc, induction furnace or fully integrated steel making.

Intellectual Property

The consolidated entity owns both the Coldry and Matmor intellectual property ('IP'). Aspects of the Coldry process are covered by patents in all major markets with significant brown coal deposits.

Matmor is covered by an Australian patent, and due to its intrinsic reliance on Coldry for feedstock preparation, is afforded an additional degree of protection via Coldry patents. In markets where neither Coldry nor Matmor patents exist, the Company will employ other IP protection strategies.

In November 2017, the Company submitted its Patent Cooperation Treaty application following the submission of an Australian provisional patent application in November 2016. This is the next step in the IP protection of the Company’s new HydroMOR technology platform. The filing sets in place the timetable for the subsequent national based process for IP protection, where individual patent submissions are being made in each geography of interest. HydroMOR is an improvement over the existing Matmor process, deriving further advantage from its unique raw material base, especially the hydrocarbon-rich low-rank coals used in the role of reductant. The process derives its name from the utilisation of hydrogen to enhance the reduction process used to produce metals from ore.

The benefits the Company sees in the application of the HydroMOR process include further reductions in capital cost due to its ability to achieve the required metal reduction at a lower temperature, and operating savings in terms of raw material efficiency improvements, as well as decreased CO_2 intensity. With the capital cost savings being applied to carbon offsets, this brings closer the potential of carbon emissions neutral steel production.

Equity Lending Facility (ELF)

During the period, ECT Finance Ltd ('ECTF'), a subsidiary of the Company, maintained ELF loans to investors who had held ECT options for the sole purpose of financing the exercise of those options and converting them into Fully Paid Ordinary shares of the Company.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,713,943 (31 December 2018: $2,336,821).

Revenue for the period of $86,587 (excluding interest revenue) is higher than the prior corresponding period (31 December 2018: $32,026) due to an increase in ‘steam and boiler package’ sales. Total expenses for the six months to 31 December 2019 were considerably less compared to the same period last year. Major variances compared to the prior period include:

- legal, engineering and travel expenses were significantly less as a result of completing much of the work in relation to the proposed, but as yet unsuccessful activity for the proposed pilot plant in India prior to 31 December 2018;
- employee benefits reduced as the Company now has fewer employees;
- depreciation and amortisation is significantly less following the write off of the intangible assets as disclosed in the last annual report for the year ended 30 June 2019 which results in less amortisation being recognised going forward;
- the write-off of assets in this reporting period relates to insured assets destroyed by the fire at our Bacchus Marsh facility in October 2019;
- the Company recognised an impairment in relation to a receivable;
- sales and marketing increased as a result of costs associated with patents particularly in relation to the patents associated with the waste-to-energy acquisition announced in June and July 2019;
- occupancy expenses were higher largely due to increased rent at our Bacchus Marsh facility; and
- finance costs, which includes interest, increased as a result of increased capital raising costs and a full six months' worth of interest being recognised on borrowings. These borrowings (which have since been repaid via the capital raising) were either not incurred or were for lesser amounts in the comparative period.

Matters subsequent to the end of the financial half-year

On 7 February 2020, the Company announced that it had reached minimum subscription in relation to its non-renounceable entitlement offer. Minimum subscription was $1.41M. The entitlement offer was announced on 9 December 2019 and closed on 10 February 2020 with $3,892,462 received in entitlement and shortfall applications (including pre-commitments). The shortfall application period will remain open for a further 3 months unless closed sooner by the Company. As a result of reaching minimum subscription, 3,892,462,624 shares and 1,556,984,980 options were issued by the Company

On 7 February 2020, the Company announced that a further payment of $1.1M in relation to the insurance claim following the fire at the Bacchus Marsh facility had been approved. Receipt of these funds occurred on 13 February 2020.

On 27 February 2020, the Company issued 51,229,410 fully paid ordinary shares and 20,491,764 options which expire 17 February 2023 following receipt of shortfall applications totalling $51,229.41 in relation to the non renounceable entitlement offer.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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Glenn Fozard
Executive Chairman

27 February 2020
Melbourne

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DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

As lead auditor of the review of Environmental Clean Technologies Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Environmental Clean Technologies Limited and the entities it controlled during the period.

Wai Aw
Director

BDO Audit Pty Ltd

Melbourne, 27 February 2020

General information

The financial statements cover Environmental Clean Technologies Limited as a consolidated entity consisting of Environmental Clean Technologies Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Environmental Clean Technologies Limited's functional and presentation currency.

Environmental Clean Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

388 Punt Road
South Yarra, Victoria, 3141
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2020. The directors have the power to amend and reissue the financial statements.

	Note	Consolidated 31 Dec 2019 $	31 Dec 2018 $
Revenue	2	86,587	32,026
Other income	3	1,224,681	826,988
Interest revenue calculated using the effective interest method		203	596
Expenses			
Change in fair value of financial liabilities	4	(9,228)	-
Corporate costs		(676,246)	(642,671)
Legal costs		(109,775)	(218,162)
Employee benefits expense		(468,292)	(592,564)
Sales and marketing		(96,456)	(31,078)
Depreciation and amortisation expense	4	(147,230)	(406,910)
Write off of assets		(108,903)	-
Impairment of receivables		(76,053)	-
Engineering and design costs		(532,917)	(995,748)
Occupancy expense		(162,858)	(71,457)
Travel and accommodation		(26,046)	(135,014)
Share-based payments expense		(120,833)	-
Other expenses		-	(17,346)
Finance costs	4	(490,577)	(85,481)
Loss before income tax expense		(1,713,943)	(2,336,821)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Environmental Clean Technologies Limited		(1,713,943)	(2,336,821)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Environmental Clean Technologies Limited		(1,713,943)	(2,336,821)
		Cents	**Cents**
Basic earnings per share	21	(0.05)	(0.07)
Diluted earnings per share	21	(0.05)	(0.07)

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

Environmental Clean Technologies Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Assets			
Current assets			
Cash and cash equivalents		219,221	387,224
Trade and other receivables	5	666,537	1,711,375
Other		37,263	49,734
Total current assets		923,021	2,148,333
Non-current assets			
Property, plant and equipment	6	316,228	238,520
Right-of-use assets	7	895,444	-
Intangibles	8	48,369	-
Total non-current assets		1,260,041	238,520
Total assets		2,183,062	2,386,853
Liabilities			
Current liabilities			
Trade and other payables	9	1,069,687	532,826
Borrowings	10	1,999,780	2,095,780
Lease liabilities	11	200,163	-
Derivative financial instruments	12	266,841	186,654
Provisions		53,592	66,391
Other financial liabilities		1,043	1,043
Total current liabilities		3,591,106	2,882,694
Non-current liabilities			
Borrowings	13	-	55,449
Lease liabilities	14	709,135	-
Provisions		73,380	73,247
Other financial liabilities		1,397,310	1,397,310
Total non-current liabilities		2,179,825	1,526,006
Total liabilities		5,770,931	4,408,700
Net liabilities		(3,587,869)	(2,021,847)
Equity			
Issued capital	15	73,807,184	73,686,351
Reserves	16	471,093	444,005
Accumulated losses	17	(77,866,146)	(76,152,203)
Total deficiency in equity		(3,587,869)	(2,021,847)

The above statement of financial position should be read in conjunction with the accompanying notes

Environmental Clean Technologies Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	70,244,766	1,333,081	(67,249,187)	4,328,660
Loss after income tax expense for the half-year	-	-	(2,336,821)	(2,336,821)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,336,821)	(2,336,821)
Transactions with owners in their capacity as owners:				
Share-based payments	53,609	-	-	53,609
Shares issued on exercise of options	619,141	-	-	619,141
Transfer option premiums on exercised options net of adjustments	1,136,020	(1,136,020)	-	-
Option premium received	-	119,972	-	119,972
Balance at 31 December 2018	72,053,536	317,033	(69,586,008)	2,784,561

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 July 2019	73,686,351	444,005	(76,152,203)	(2,021,847)
Loss after income tax expense for the half-year	-	-	(1,713,943)	(1,713,943)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,713,943)	(1,713,943)
Transactions with owners in their capacity as owners:				
Share-based payments	120,833	-	-	120,833
Option premium received	-	27,088	-	27,088
Balance at 31 December 2019	73,807,184	471,093	(77,866,146)	(3,587,869)

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

	Consolidated	
	31 Dec 2019	**31 Dec 2018**
	$	**$**
Cash flows from operating activities		
Research and development tax incentive	1,511,621	1,647,208
Receipts from customers (inclusive of GST)	124,922	190,614
	1,636,543	1,837,822
Payments to suppliers and employees	(1,825,659)	(2,563,614)
Interest received	203	596
Interest and other finance costs paid	(33,392)	(11,669)
Net cash used in operating activities	(222,305)	(736,865)
Cash flows from investing activities		
Payments for property, plant and equipment	(208,020)	(96,012)
Payments for intangibles	(48,369)	-
Insurance recoveries	650,000	-
Net cash from/(used in) investing activities	393,611	(96,012)
Cash flows from financing activities		
Proceeds from issue of shares	-	452,298
Proceeds from options	27,088	119,972
Proceeds from unissued share capital	50,000	-
Proceeds from borrowings	1,267,091	-
Repayment of borrowings	(1,645,760)	(319,776)
Repayment of lease liabilities	(37,728)	-
Net cash (used in)/from financing activities	(339,309)	252,494
Net decrease in cash and cash equivalents	(168,003)	(580,383)
Cash and cash equivalents at the beginning of the financial half-year	387,224	611,751
Cash and cash equivalents at the end of the financial half-year	219,221	31,368

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations adopted during the period are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. There was no impact on opening accumulated losses as at 1 July 2019. A reconciliation between operating lease commitments measured under AASB 117 as at 30 June 2019 and the right-of-use asset and lease liability recognised as at 1 July 2019 is as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	1,238,201
Present value discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(166,436)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(98,381)
Right-of-use assets (AASB 16)	973,384

The assets and liabilities recognised at transition date on adoption of AASB 16 were as follows:-

Note 1. Significant accounting policies (continued)

	Consolidated 31 Dec 2019 $
Right-of-use assets - land and buildings	973,384
Lease liabilities	(973,384)
Net impact on opening accumulated losses at 1 July 2019	-

On adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:

- application of a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months or less as at 1 July 2019 as short-term leases, and therefore not capitalised;
- exclusion of initial direct costs from the measurement of right-of-use assets; and
- use of hindsight in determining lease term when the contract contains options to extend or terminate the lease.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Going concern
For the financial half-year ended 31 December 2019, the consolidated entity had an operating net loss of $1,713,943 (31 Dec 2018: net loss of $2,336,821), net cash outflows from operating activities of $222,305 (31 Dec 2018: net cash outflows of $736,865), net current liabilities at the reporting date of $2,668,085 (30 Jun 2019: net current liabilities of $734,361) and net liabilities of $3,587,869 (30 Jun 2019: $2,021,847). The consolidated entity does not currently have a significant source of operating revenue and is reliant upon receipt of the R&D Tax Incentive, raising of equity capital, and loans from third parties to meet its operating costs.

Note 1. Significant accounting policies (continued)

The ability to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the consolidated entity is a going concern which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

- use of the funds already received from insurance proceeds and the capital raising which closed on 10 February 2020. Funds on hand as at 18 February 2020 were $2.333M. A shortfall period can remain open for a further 3 months during which a maximum of $908K may be raised through the capital raising;
- further insurance receipts are expected to be received as construction of the Bacchus Marsh facility progresses. These additional receipts are not likely to be received until the 2020/21 financial year;
- sale of solid fuels produced in the course of execution of the Company's research and development plan once the Bacchus Marsh facility is operational again towards the end of the 2020 calendar year;
- principal paid and interest earned from its ELF debt arrangements (treated as capital injections) - which is dependent on a significant improvement in the Company's share price;
- drawdowns against the existing loan facility per the agreement with Brevet Capital of New York, secured over the Company's entitlements to available future research and development tax incentive receipts for which it has an Advance Finding and Overseas Ruling in relation to Coldry and drawdown against a proposed new facility in relation to the construction of the Bacchus Marsh facility; and
- issuance of the Company's securities under ASX Listing Rule 7.1.

Based on the above and cash flow forecasts prepared, the directors are of the opinion that the consolidated entity is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

The reliance on future funding described above indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Note 2. Revenue

	Consolidated	
	31 Dec 2019 $	31 Dec 2018 $
Sales revenue		
Sales of product	86,387	32,026
Other revenue		
Management fees	200	-
Revenue	86,587	32,026

Note 3. Other income

	Consolidated	
	31 Dec 2019 $	31 Dec 2018 $
Research and development tax incentive	549,681	826,988
Insurance recoveries	675,000	-
Other income	1,224,681	826,988

Note 4. Expenses

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Loss before income tax includes the following specific expenses:		
Change in fair value of financial liabilities		
Loss on fair value remeasurement of convertible note derivative	9,228	-
Depreciation		
Plant and equipment	67,946	166,910
Office equipment	1,344	-
Buildings - right-of-use assets	77,940	-
Total depreciation	147,230	166,910
Amortisation		
Intellectual property	-	240,000
Total depreciation and amortisation	147,230	406,910
Finance costs		
Interest and finance charges paid/payable on borrowings	466,907	79,606
Interest and finance charges paid/payable on lease liabilities	23,670	-
Unwinding of the discount related to earn-out provision - Coldry	-	5,359
Unwinding of the discount on deferred cash consideration - Matmor	-	516
Finance costs expensed	490,577	85,481

Note 5. Current assets - trade and other receivables

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Trade receivables	131,083	-
Less: Allowance for expected credit losses	(76,053)	-
	55,030	-
Other receivables	1,930	224,590
Research and development tax incentive receivable	524,844	1,486,785
	526,774	1,711,375
GST receivable	84,733	-
	666,537	1,711,375

Note 6. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Plant and equipment - at cost	5,563,289	6,989,996
Less: Accumulated depreciation	(5,251,978)	(6,757,737)
	311,311	232,259
Fixtures and fittings - at cost	12,102	19,885
Less: Accumulated depreciation	(12,102)	(19,885)
	-	-
Office equipment - at cost	38,609	84,996
Less: Accumulated depreciation	(33,692)	(78,735)
	4,917	6,261
	316,228	238,520

Consolidated	Plant and equipment $	Office equipment $	Total $
Balance at 1 July 2019	232,259	6,261	238,520
Additions	208,020	-	208,020
Disposals	(61,022)	-	(61,022)
Depreciation expense	(67,946)	(1,344)	(69,290)
Balance at 31 December 2019	311,311	4,917	316,228

Note 7. Non-current assets - right-of-use assets

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Land and buildings - right-of-use	973,384	-
Less: Accumulated depreciation	(77,940)	-
	895,444	-

Additions to the right-of-use assets during the half-year were $973,384 as a result of the adoption of AASB 16 on 1 July 2019. The asset has been recognised at a value equivalent to the lease liability in accordance with the practical expedients provided for in AASB 16. An incremental borrowing rate of 5% has been adopted for the purposes of present value calculations.

Such assets represent the value of rights conveyed to the consolidated entity pursuant to its leases of land and buildings for its offices (remaining lease term, including option for extension of 78 months) and pilot plant facility (remaining lease term, including option for extension of 64 months)

Note 8. Non-current assets - intangibles

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Intellectual property - at cost	9,648,369	9,600,000
Less: Accumulated amortisation	(4,800,000)	(4,800,000)
Less: Impairment	(4,800,000)	(4,800,000)
	48,369	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	CDP Waste-to-Energy IP $
Balance at 1 July 2019	-
Additions	48,369
Balance at 31 December 2019	48,369

The intellectual property in the comparative period represents the patented technology related to Coldry acquired by the consolidated entity in 2009. It was fully impaired during the 2019 financial year.

On 2 July 2019, the consolidated entity entered into an Asset Sale Agreement to acquire waste-to-energy (WTE) technology known as the Catalytic De-Polymerisation Process (CDP) capable of producing automotive diesel from a range of inputs including various waste streams, such as construction wood-waste and end-of-life plastics. Completion date for the acquisition was 8 July 2019.

Note 9. Current liabilities - trade and other payables

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Trade payables	679,911	379,666
Other payables	389,776	153,160
	1,069,687	532,826

Note 10. Current liabilities - borrowings

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Innovation Structured Finance Co. (Brevet Capital)	337,936	1,028,806
Securitised loan payable	626,934	408,141
Convertible notes	964,996	603,982
Macquarie short term funding	-	25,921
Equipment finance	69,914	28,930
	1,999,780	2,095,780

Note 10. Current liabilities - borrowings (continued)

Brevet Capital loan
On 27 August 2019, the Company signed a new loan agreement for a research and development rebate loan facility for the financial year ended 30 June 2020 on the same terms as the previous facility. The loan facility allows for the provision of funding to the Company of up to $3.6 million. The Company's research and development tax rebate to be received represents the security for the facility. Each drawdown is made in line with the terms of the facility and is based on the accrued value of the anticipated AusIndustry Tax Incentive program for the respective financial year.

Securitised loan
Securitised loans are issued using ELF receivable loan balances as collateral and servicing such loans from cash inflows generated from such loans. ECT Finance Ltd (ECTF) has a $1 million debt facility from Challenge Bricks & Roofing Pty Ltd secured by granting a security interest over the ELF loans which are in the legal form of limited-recourse loans in the accounts of ECTF. Drawdowns occurred in the current period and past financial year. The loan had an initial term of 12 months and incurs interest at the rate of 16.6% p.a. The loan has been extended on a month-to-month basis and accrues interest at 15% p.a.

Convertible notes
Convertible notes issued consist of the following:

(a) A $800,000 debt instrument issued to ECTF for 12 months that incurs interest at the rate of 15%. It has an option for the lender to convert the loan amount into fully paid Environmental Clean Technology (ECT) ordinary shares at any time of their choosing prior to expiry. The rate of conversion will be at the lesser of: 1.5 cents per ECT share; and a 20% discount to the 30-day volume weighted average price (VWAP) of ECT shares prior to requesting to convert the loan. The conversion feature represents a derivative financial liability which has been recognised separately. The expiry date is 29 May 2020.

(b) A $287,500 debt instrument issued to ECTF for 12 months that incurs interest at the rate of 15%. Interest on this facility for the 12-month period from the first drawdown date to the repayment date is calculated 3 months in advance and capitalised to the loan at the start of each quarter through to expiry (or part thereof if repaid early). The convertible note has an option for the lender to convert the loan amount into either of the following: (i) fully paid Environmental Clean Technology (ECT) ordinary shares at any time of their choosing prior to expiry. The rate of conversion will be at the lesser of: 1.5 cents per ECT share; and a 20% discount to the 30-day volume weighted average price (VWAP) of ECT shares prior to requesting to convert the loan; or (ii) ECT Waste-to-Energy Pty Ltd shares equivalent to 40% of its share capital.

The conversion feature represents a derivative financial liability which has been recognised separately. The expiry date is 3 July 2020. The loan may be repaid at any time from either of (a) Equity Lending Facility (ELF) repayments that ECTF receive over the loan term; or (b) ECT Finance free cash flows.

Note 11. Current liabilities - lease liabilities

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Lease liability	200,163	-

Refer to note 14 for further information.

Note 12. Current liabilities - derivative financial instruments

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Conversion derivative in convertible note	266,841	186,654

Refer to note 18 for further information on fair value measurement.

The above derivative represents the fair value of the conversion feature of the convertible notes recognised at note 10. The valuation of the derivative has been made having regard to the probabilities associated with the conversion of the note to ordinary shares.

Note 13. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Equipment finance	-	55,449

Note 14. Non-current liabilities - lease liabilities

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Lease liability	709,135	-

On adoption of AASB 16 'Leases' at 1 July 2019, a lease liability relating to the consolidated entity's right-of-use assets was recognised at $973,384. Future lease payments were discounted using an incremental borrowing rate of 5%.

Note 15. Equity - issued capital

	Consolidated			
	31 Dec 2019 Shares	30 Jun 2019 Shares	31 Dec 2019 $	30 Jun 2019 $
Ordinary shares - fully paid	3,768,403,923	3,726,737,257	73,307,187	73,186,354
Deferred share capital	25,000,000	25,000,000	499,997	499,997
ELF share capital	1,007,112,470	1,048,779,136	-	-
	4,800,516,393	4,800,516,393	73,807,184	73,686,351

Movements in ordinary share capital

Details	Date	No of shares	$
Balance	1 July 2019	3,726,737,257	73,186,354
Release of ELF shares (share-based payments)	19 July 2019	8,333,333	33,333
	13 August 2019	12,500,000	50,000
	12 September 2019	8,333,333	25,000
	13 November 2019	12,500,000	12,500
Balance	31 December 2019	3,768,403,923	73,307,187

Note 15. Equity - issued capital (continued)

Details	Date	No of shares	$
Balance	1 July 2019	1,048,779,136	-
Release of ELF shares (share-based payments)	19 July 2019	(8,333,333)	-
	13 August 2019	(12,500,000)	-
	12 September 2019	(8,333,333)	-
	13 November 2019	(12,500,000)	-
Balance	31 December 2019	1,007,112,470	-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and any proceeds on the realisation of net assets in the event of a winding up of the Company in proportion having regard to the number of shares held and amounts paid thereon. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Deferred share capital
The account is used to recognise partly paid equity issued to employees that are subject to escrow and a deferred settlement arrangement.

Equity Lending Facility (ELF) Share capital
The consolidated entity's subsidiary, ECT Finance Ltd, has entered into limited recourse loans with option-holders (Participants) allowing them to obtain finance to exercise share options issued by the Company. Shares in ECT were issued on exercise of options in accordance with the Loan and Security Agreement (the Agreement) of the Equity Lending Facility (ELF).

All shares issued pursuant to the ELF and financed by limited recourse loans are considered, for accounting purposes, to be options issued. As a result, neither the value of the loans receivable, nor the value of shares issued, are recognised in the financial statements. Where the company receives funds from Participants in the form of principal or interest, such amounts are treated as the receipt of option premium and recognised in the option reserve until the loan is settled. Loans expire in 3 years from 31 July 2017 and interest is charged at commercial rates.

Notwithstanding any other provision of the ELF, each Participant has a legal and beneficial interest in the ELF shares issued to them except that any dealings with those ELF shares by the Participant is restricted in accordance with the Agreement. ELF shares rank equally with all existing ordinary shares of the Company from the date of issue in respect of all rights issues, bonus issues, dividends and other distributions to, or entitlements of, ordinary shareholders. On termination of the loan facility, the Participant may elect to settle the loan or default on the loan and the Company would enforce the return of the ELF shares back to the Company, subject to requirements of the Corporations Act and as outlined in the Agreement signed by each borrower.

Note 16. Equity - reserves

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Options reserve	471,093	444,005

Options reserve
The options reserve is used to recognise the value of options issued. The following options were on issue during the period and at reporting date:

- ECTOC options expired on 31 July 2019. There were 846,088,751 ECTOC options on issue at 30 June 2019. These options were issued at $nil and none were exercised during the period.
- ELF options: refer below

Note 16. Equity - reserves (continued)

Equity Lending Facility options (ELF Options)
All shares issued pursuant to the ELF and financed by limited recourse loans are accounted for as options issued (ELF Options). As a result, neither the value of the loans receivable, nor the value of shares issued, are recognised in the financial statements. Shares issued will only be recognised in equity after the loan is repaid and shares released to the holder.

The face value of limited recourse loans issued as at reporting date is $13,386,069 (30 June 2019: $13,386,069). Interest accrued on such loans is $2,607,096 (30 June 2019: $2,578,456).

As at reporting date, there are 1,007,112,470 (30 June 2019: 1,048,779,136) shares held as security against these loans (ELF Shares) which equates to in-substance options (ELF Options) outstanding at reporting date of the same amount. Where the Company receives funds from participants in the form of principal or interest, such amounts are treated as the receipt of option premium and recognised in the option reserve (refer to the reconciliation below). Once the accumulated premium received from a participant extinguishes the participant's ELF loan balance, the ELF Option is effectively exercised and shares are released to the participant.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	ELF options $	Total $
Balance at 1 July 2019	444,005	444,005
Receipt of premium	27,088	27,088
Balance at 31 December 2019	471,093	471,093

Note 17. Equity - accumulated losses

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Accumulated losses at the beginning of the financial half-year	(76,152,203)	(67,249,188)
Loss after income tax expense for the half-year	(1,713,943)	(8,903,015)
Accumulated losses at the end of the financial half-year	(77,866,146)	(76,152,203)

Note 18. Fair value measurement

The carrying values of financial assets and financial liabilities presented in these financial statements represent a reasonable approximation of fair value unless otherwise stated.

Note 18. Fair value measurement (continued)

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Conversion derivative in convertible note	-	-	266,841	266,841
Deferred consideration - non-current - Matmor Assets	-	-	656,581	656,581
Earn-out provision - current - Coldry IP	-	-	1,043	1,043
Earn-out provision - non-current - Coldry IP	-	-	740,729	740,729
Total liabilities	-	-	1,665,194	1,665,194

Consolidated - 30 Jun 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Conversion derivative in convertible note	-	-	186,654	186,654
Deferred consideration - non-current - Matmor Assets	-	-	656,581	656,581
Earn-out provision - current - Coldry IP	-	-	1,043	1,043
Earn-out provision - non-current - Coldry IP	-	-	740,729	740,729
Total liabilities	-	-	1,585,007	1,585,007

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the forecast cash flows required to discharge the liability at the current market interest rate that is available for similar financial liabilities. Movements in the fair value of the financial liabilities are disclosed in the respective notes.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The above financial liabilities have been valued using a discounted cash flow model. Refer to the respective notes for further details.

Level 3 liabilities
Movements in level 3 liabilities during the current financial half-year are as follows:

Consolidated	Conversion derivative in convertible note $	Deferred consideration Matmor assets $	Earn-out provision Coldry $	Total $
Balance at 1 July 2019	186,654	656,581	741,772	1,585,007
Additions	70,959	-	-	70,959
Loss on remeasurement to fair value	9,228	-	-	9,228
Balance at 31 December 2019	266,841	656,581	741,772	1,665,194

Note 19. Related party transactions

Parent entity

Environmental Clean Technologies Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2019 $	31 Dec 2018 $
Purchase of goods and services:		
Acquisition of services from other related party *	-	44,176
Other transactions:		
Payments made to Company pursuant to Equity Lending Facility by key management personnel	26,926	34,713
Share based payments expense - key management personnel	-	53,596

* The Company acquired engineering support services from Mecrus, an entity associated with Barry Richards. Such transactions were on commercial terms.

Receivable from and payable to related parties

There were no trade receivables from, or trade payables to, related parties at the current and previous reporting date.

Loans to/from related parties

Equity Lending Facility (ELF) Loans

The following ELF loans were granted on 31 July 2017 to key management personnel of the consolidated entity. Such loans are limited recourse loans issued to finance the exercise of options. Neither the loans nor the value of the issued capital are recognised in the financial statements as such arrangements are accounted for as an in-substance issue of options. Any principal and interest received on unpaid loans prior to their settlement is recognised in the options reserve. Employees and directors of the Company receive a 2% discount to the standard commercial interest rates.

- Glenn Fozard was previously advanced $450,000 under the ELF for the exercise of 50,000,000 options at $0.009 each. Principal paid during the period was $26,926 (year ended 30 Jun 2019: $nil). Interest paid during the period was $nil (year ended 30 Jun 2019: $nil). Movements in the loan balance during the period consisted of interest incurred and capitalised to the loan as well as interest repaid. Interest rates payable on the outstanding balance range from 2.89% to 9.39% calculated daily. The number of shares released to Glenn Fozard during the period as a result of payments made was nil (year ended 30 Jun 2019: nil). The balance of the ELF loan at 31 December 2019 was $429,464.

- Ashley Moore was previously advanced $339,249 under the ELF for the exercise of 36,073,950 options at $0.009 each and 972,223 options at an exercise price of $0.015 each. Principal paid during the period was $nil (year ended 30 Jun 2019: $337,727 of which $101,318 was an incentive which was offered to all ELF holders on the same terms). Interest paid during the period was $nil (30 Jun 2019: $21,678). Movements in the loan balance during the period consisted of interest incurred. Interest was payable on the outstanding balance at a rate of 0.89% calculated daily. The number of shares released to Ashley Moore during the period as a result of payments made was nil (year ended 30 Jun 2019: 36,073,950).The balance of the ELF loan at 31 December 2019 was $1,529 (30 Jun 2019: $1,522).

Note 20. Events after the reporting period

On 7 February 2020, the Company announced that it had reached minimum subscription in relation to its non-renounceable entitlement offer. Minimum subscription was $1.41M. The entitlement offer was announced on 9 December 2019 and closed on 10 February 2020 with $3,892,462 received in entitlement and shortfall applications (including pre-commitments). The shortfall application period will remain open for a further 3 months unless closed sooner by the Company. As a result of reaching minimum subscription, 3,892,462,624 shares and 1,556,984,980 options were issued by the Company

On 7 February 2020, the Company announced that a further payment of $1.1M in relation to the insurance claim following the fire at the Bacchus Marsh facility had been approved. Receipt of these funds occurred on 13 February 2020.

On 27 February 2020, the Company issued 51,229,410 fully paid ordinary shares and 20,491,764 options which expire 17 February 2023 following receipt of shortfall applications totalling $51,229.41 in relation to the non renounceable entitlement offer.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 21. Earnings per share

	Consolidated	
	31 Dec 2019 $	31 Dec 2018 $
Loss after income tax attributable to the owners of Environmental Clean Technologies Limited	(1,713,943)	(2,336,821)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	3,752,190,155	3,502,375,959
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,752,190,155	3,502,375,959
	Cents	**Cents**
Basic earnings per share	(0.05)	(0.07)
Diluted earnings per share	(0.05)	(0.07)

As at 31 December 2019, the following anti-dilutive equity instruments were on issue and have been excluded from the calculation of diluted earnings per share
- Loan Funded Shares: 1,007,112,470 on issue at reporting date and held in lock-up pending release to ELF option holder.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Glenn Fozard
Executive Chairman

27 February 2020
Melbourne

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Environmental Clean Technologies Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Environmental Clean Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the half-year financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the Company 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 internal control as the directors determine is necessary to enable the preparation 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 a Financial Report Performed 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial 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 the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

Wai Aw
Director

Melbourne, 27 February 2020