ECOLOCLEAN INDUSTRIES INC
Form 10KSB
May 15, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2005
Commission File Number 000-33481

ECOLOCLEAN INDUSTRIES, INC.
(Name of small business issuer in its charter)

Nevada	65-1060612
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

2242 South Hwy #83, Crystal City, TX 78839
(Address of principal executive office)

(830) 374-9100
(Issuer's Telephone Number)

Securities Registered Pursuant of Section 12(b) of the Act: None

Securities Registered Pursuant of Section 12(g) of the Act:
Common Stock, $0.001 Par Value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment of this Form 10-KSB. [ ]

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2of the Exchange Act. Yes ___ No X

The issuer had operating revenues of $387,651 for the year ended December 31, 2005.

This report contains a total of 53 pages. The Exhibit Index appears on page 20.

As of March 31, 2006, there were 52,430,085 shares of the issuer's common stock outstanding. The aggregate market value of the 29,107,180 shares of the issuer's voting stock held by non-affiliates was $32,017,898 based on the low bid price on that date as reported by the NASD OTC Electronic Bulletin Board. The sum excludes the shares held by officers, directors, and stockholders whose ownership exceeded 10% of the outstanding shares at March 31, 2006, in that such persons may be deemed affiliates of the Company. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Ecoloclean Industries, Inc.
FORM 10-KSB
December 31, 2005

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PART I

ITEM 1. Description of Business.

(a) Overview

Ecoloclean Industries, Inc. formerly known as SailTech International, Inc. (the "Company") was incorporated on September 16, 1998 under the laws of the State of Nevada as Argonaut Resources Ltd. On December 15, 2000, the Company changed its name to Sailtech International Inc. to reflect its business objectives of becoming an aluminum yacht manufacturer. Sailtech was a development stage enterprise which had just initiated operations as a manufacturer of a line of aluminum yachts and work vessels using a proprietary software technology which aided in the design and construction of aluminum boats. We had four yacht manufacturing contracts, none of which were completed. We conducted our business through two wholly owned subsidiary corporations, organized in Florida and British Columbia, Canada.

On December 31, 2002, Sailtech ceased operations of its limited yacht manufacturing business. We disposed of our subsidiary companies in British Columbia, Canada and Florida.

On January 10, 2003, we acquired all of the issued and outstanding capital stock of Ecoloclean, Inc., a Texas corporation. Ecoloclean's principal business operations are conducted through its subsidiaries, World Environmental Technologies, Inc. ("WET"), a Louisiana corporation, and Ecoloclean of Texas, Inc., a Texas.

On December 4, 2003, we filed articles of incorporation in Louisiana for Reliant Drilling Systems, Inc.

On December 15, 2003, we filed a certificate of amendment to our articles of incorporation changing our corporate name to Ecoloclean Industries, Inc. We also (1) increased our authorized common stock capital from 50,000,000 shares, par value, $0.001 per share to 100,000,000 shares, par value $0.0001 per share and (2) increased our authorized preferred shares from 1,000,000 shares, par value $0.01 per share to 10,000,000, par value $0.001 per share.

On September 14, 2005, we acquired all of the issued and outstanding common stock of Aquatronics Industries, Inc., a Rhode Island corporation.

We operate six corporations. Ecoloclean Industries, Inc. owns three wholly owned subsidiaries: (1) Ecoloclean, Inc., a Texas corporation and (2) Reliant Drilling Systems, Inc., a Louisiana corporation and (3) Aquatronics Industries, Inc., a Rhode Island corporation. Ecoloclean, Inc. owns two wholly owned subsidiaries, (1) World Environmental Technologies, Inc., a Louisiana corporation and (2) Ecoloclean of Texas, Inc., a Texas corporation. Reliant Drilling Systems, Inc. and Ecoloclean of Texas, Inc. discontinued their operations during the first four months of 2005.

(b) Historical Background of Waste Water

The United States faces growing need for quality water supplies. Population and industrial growth demands clean water.

Until recent times, the water supply was considered to be limitless. Major water users withdrew their water from natural sources such as wells, aquifers, rivers and lakes. Public utilities and municipal waste water (sewer) authorities treated their used water and discharged it into rivers and lakes. Mines, paper mills, refineries, and chemical plants also discharged their waste water, in many cases, directly into the same rivers and lakes from which water would be drawn for human use.

Soon after World War II, the effect of this unregulated discharge and limited treatment of waste water on land and water sources was recognized as unacceptable by public interest groups and governmental authorities. Efforts were begun to remediate polluted sites. Laws were enacted to prevent unregulated discharge of waste waters into the environment. These remediation and prevention efforts have improved water quality throughout the United States.

We believe that water quality standards will become stricter. Large water users, at great expense, have installed elaborate treatment systems in order to comply with governmental water quality laws. However, even after the implementation of water treatment laws, many treated waters are still being discharged without meeting all of the governmental standards. In many states, water users who discharge waters that do not comply with minimum discharge standards are being assessed large monetary surcharges. Small users, having to pay high monthly surcharges without the capital or room to install or upgrade existing water treatment systems, are faced with the possibility of closing operations facilities.

Processes for treating waste water are extensive. The chemistry and engineering for treating wastewater is well developed. Many different procedures and processes are in use for treating different types of contamination and pollution. Equipment is manufactured by numerous companies to process waste water streams from as little as a few gallons a day to millions of gallons an hour. There are technologies and equipment designed to remove impurities and contaminates ranging form ordinary ground water bacteria and particles to heavy metal ions. Water treatment plants can be as small as the household water conditioners to municipal treatment systems covering hundreds of acres.

THE ELECTROCOAGULATION SYSTEM

Most waste water contaminants are held in solution by electrical charges. Bacteria, algae, oils, clays, carbon black, silica, phosphate, nickel, lead, chromates and other ions are examples charged particle contaminants. Waste water contaminants must be removed from the water. The neutralization of the electrical charges and subsequent precipitation of these contaminants can be achieved by chemical or electrochemical alteration. Most commercial water treatment systems use chemical additives. Our electro coagulation process is a non-chemical additive electrochemical system.

In today's environment, adding chemicals to contaminated waste water is becoming less acceptable due to increasingly stringent regulations. Solid residues (sludges) are being classified as hazardous materials and the required treatment levels are more difficult and expensive to achieve. In the future, we believe that there will be a significant increase in the use of nonchemical dependent systems such as the EC System. Different chemicals are required for various contaminants. Contaminant concentrations are critical and must be constantly monitored and balanced. These additives do not remain with the purified water (exception: chlorine) but combine with and must be disposed of with the "sludge" that is removed from the waste water stream. Under current regulations many of these sludges are considered hazardous and must be handled accordingly. For every pound of chemical additive an additional pound of sludge must be disposed. This cost of disposal must be added to the cost of chemicals.

Electrochemical water treatment methods have been used for many years. High voltages are used to produce an electromagnetic field which disrupts the electrochemical properties of the charged contaminant particles. This allows the contaminants to precipitate or fall out of the waste water. Until recent times, these electrochemical water treatment systems showed good contaminate removal compared with the chemical additive precipitation methods, however, high capital and operational costs coupled with lower flow rates have restricted widespread commercial use.

The electro coagulation "EC" process does not use chemical additives. We believe that our EC process, with lower operating costs, higher flow rates and a reduction of sludge disposal costs will move our EC process to the forefront of water treatment technologies.

The electro coagulation system uses equipment and methods that result from revisions of old technologies and principles of electrochemistry and physics made possible by our computerized microprocessor control panel. The "EC" unit is capable of treating liquid solutions containing a wide variety of contaminants, including heavy metals, oil and grease, suspended and dissolved solids, as well as bacteria and algae, without the use of chemicals.

The "EC" unit places an electrical charge in the waste fluid which destabilizes suspended material electrochemically and causes the coagulation of the dissolved and suspended contaminants. This coagulation or flocculation is similar to the precipitation stimulated by chemical additives, but the altered contaminant particles tend to be larger (100 microns vs. 25 to 50 microns) and more stable. This flocculated contaminants are removed from the waste Stream by conventional equipment.

OVERVIEW OF WATER TREATMENT USING ELECTROCOAGULATION

When the term "we" is used, it means Ecoloclean Industries, Inc. by and through its subsidiaries, Ecoloclean, Inc., World Environmental Technologies, Inc., and Aquatronics Industries, Inc.

We have designed and manufactured three portable EC Units which are mounted within or on enclosed trailers. The waste water is pumped into the EC unit, electrochemically processed and discharged on-site.

The water flows through a series of engineered electrodes within a cell while a controlled electric current is applied to the waste water. The electrical current energizes the solution creating a magnetic field within the cell. Our system is designed to optimize over twenty variables in order to effectively transfer electrical energy to the continuously flowing contaminated waste water. Water contaminated mixtures created by the electro coagulation process, separate into an organic molecule floating layer known as flocculent, a mineral sediment and clean water. This separation occurs within minutes of treatment and conventional equipment may be used to extract the clean water. The Electro coagulation process has successfully treated animal and human waste water removing chemical and biological contaminants. Tests confirm the destruction of coli form bacteria, flagellates, helminthes, eggs, infective parasite larvae and enteric viruses.

Our EC process utilizes proprietary and patented technologies applying electrochemical energies to the waste water stream. Contaminant laden water moves through an electric field where the treatment is accomplished by:

- Ionization
- Electrolysis
- Free radical formation

- Electromagnetic fields

System Capabilities:

- Removes heavy metals as oxides which will pass Toxicity Characteristics Leaching Procedures (TCLP)
- Removes suspended and colloidal solids
- Breaks oil emulsions in water
- Removes fats, oils and grease in water
- Removes complex organic materials
- Destroys and removes bacteria, viruses and cysts
- Processes multiple contaminants

Key Applications:

- Ground water cleanup
- Process rinse and wash water
- Potable water
- Sewage treatment
- Cooling towers
- Radioactive isotope removal
- Pretreatment for reverse osmosis, ultra-filtration, nano-filtration, and photocatlytics
- Water reuse resulting in zero discharge
- Metal recovery
- Influent quality water control
- Industrial waste water

Benefits:

- Capital cost significantly less than alternative technologies
- Operating cost significantly less than alternative technologies
- Low power requirements
- Generally no chemical additions
- Metal oxide formation passing TCLP
- Low maintenance
- Minimal operator attention
- Handles a wide variation in the waste stream contaminants
- Consistent and reliable results
- Sludge minimization
- Treats multiple contaminants

Operations and Services

Industrial and commercial businesses produce various types of wastewater (including hydrocarbon contaminated water from oil field operations, that must be disposed of as required by federal, state and local regulations. Similarly, oil and gas exploration and production companies produce liquid waste from drilling and other operations that must be disposed of complying with federal and state regulations. We propose to process the liquid waste and remove contaminants and dispose of the treated liquid waste as required by applicable regulations.

Oilfield Waste

Oilfield waste consists primarily of petroleum-based and water-based drilling fluids (which contain oil, grease, chlorides and heavy metals), as well as cuttings, saltwater, work over and completion fluids, production pit sludges and soil containing these materials. Under Louisiana and Texas state regulations, if oilfield waste cannot be processed for discharge or disposed of at the well where it is generated, it must be transported to a licensed oilfield waste processing or disposal facility.

Competitive Conditions

Competition is intense within oilfield waste water processing industry. Competition will be based primarily on proximity to collection operations, collection and processing fees charged and quality of service. With respect to certain waste streams, such as oilfield waste, we will compete with the generators of these waste streams, who continually evaluate the decision whether to use internal disposal methods or to utilize a liquid waste management company such as us. We will compete with numerous companies, both large and small, which are able to provide one or more of the environmental services offered by us. Many of these companies will have greater financial, human and other resources. However, we believe that the type of waste management, treatment, processing and remediation services which we will provide will give us a competitive advantage with respect to certain of our more specialized competitors. We believe that our treatment processes will offer cost saving alternatives to the more traditional remediation and disposal methods offered by our competitors.

We believe that there are certain barriers to entry in the liquid waste industry. These barriers include the need for specialty machinery and facilities; licenses, permits and trained personnel necessary to operate these facilities.

Our Specialized Equipment

We have manufactured three portable EC Units. These are portable units which are constructed in 28-foot enclosed trailers.

Employees

Ecoloclean Industries, Inc. has one part-time employee officer, Royis Ward and a part-time accounting employee. World Environmental Technologies, Inc. had one part-time employee officer, M.C. Richardson and two employees. Aquatronics Industries, Inc. has one employee officer, Howard Schachter and eight full-time employees. No employees were subject to any collective bargaining agreement.

Governmental Permits and Licenses

World Environmental Technologies, Inc. ("WET") has obtained a Louisiana statewide Water Discharge Permit for its Electro Coagulation ("EC") treatment system. This permit enables us to treat waste water in Louisiana such as, bilge water, wash water from oil field equipment, industrial waste water, storm water, sanitary water and wash down water.

Waste management companies are subject to extensive, evolving and increasingly stringent federal, state and local environmental laws and regulations. Such federal, state and local environmental laws and regulations govern will our activities regarding the treatment, storage, processing, disposal and transportation of wastes. We will be required to obtain and maintain permits, licenses and/or approvals in order to conduct our proposed waste treatment business activities. Failure to obtain and maintain permits or approvals would have a material adverse effect on us, our operations and financial condition. The permits and licenses have a term ranging from five (5) to ten (10) years and, provided that the Company maintains a reasonable level of compliance, renew with minimal effort and cost. Historically, there have been no compelling challenges to the permit and license renewals. In the future, if we expand our operations, we may be required to obtain additional approvals, licenses or permits, the there can be no assurance that we will be able to do so. Such permits and licenses, however, represent a potential barrier to entry for possible competitors.

General License Agreement

Ecoloclean, Inc. acquired a General License Agreement by assignment from World Environmental Technologies, Inc. on September 12, 2002. The license grants an industry exclusive perpetual worldwide right and license under a U.S. patent to manufacture, use, market, sell, lease or otherwise dispose of product units based on, or relating to the invention contained in U.S. Patent No. 6,238,546, issued to Louis A. Kneiper, Gary A. Tipton and Daniel G. Noyes on May 29, 2001.

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The product units are the Electro coagulation units. The license is industry specific and applies only to the petroleum exploration, petroleum chemical, transportation and refining industries. Ecoloclean, the licensee, is excluded from marketing, selling, leasing or otherwise disposing of product units to the paper industry, paint pigment industry and to all industries in Mexico and the Orient. Ecoloclean is obligated to pay royalties to the patent owner on an event basis. For product units of 100 gallons-per-minute (gpm), or less which are manufactured by the licensee, Ecoloclean is obligated to pay $3,000 each. For product units of capacities exceeding 100 gpm, Ecoloclean must pay $30 multiplied by the gpm design capacity. Additionally, for the use of the technology, Ecoloclean must pay a monthly royalty of 2% of gross income generated by product units. The General License Agreement and Assignment to the General License Agreement are attached to this Current Report as Exhibits 3.1 and 3.2, respectively.

Insurance

We believe we maintain insurance coverage adequate for our needs and which is similar to, or greater than, the coverage maintained by other companies of our size in the industry. There can be no assurances, however, that liabilities which may be incurred by us will be covered by our insurance or that the dollar amount of such liabilities which are covered will not exceed our policy limits. We are required by EPA regulations to carry environmental impairment liability insurance providing coverage for damages on a claims-made basis in amounts of at least $1 million per occurrence and $2 million per year in the aggregate.

Regulation

General

Our proposed business operations will be affected both directly and indirectly by governmental regulations, including various federal, state and local pollution control and health and safety programs that are administered and enforced by regulatory agencies. These programs are applicable or potentially applicable to one or more of our existing operations.

Federal Regulation

The primary U.S. federal statutes affecting our business are summarized below: The Clean Water Act. Our proposed activities will be subject to the requirements of the Clean Water Act and comparable state statutes and federal and state enforcement of these regulations. The Clean Water Act regulates the discharge of pollutants into waters of the United States. The Clean Water Act establishes a system of standards, permits and enforcement procedures for the discharge of pollutants from industrial and municipal wastewater sources. The law sets treatment standards for industries and wastewater treatment plants and provides federal grants to assist municipalities in complying with the new standards. In addition to requiring permits for industrial and municipal discharges directly into the waters of the United States, the Clean Water Act also requires pretreatment of industrial wastewater before discharge into municipal systems.

The Clean Water Act gives the Environmental Protection Agency (EPA) the authority to set pretreatment limits for direct and indirect industrial discharges. In 2001, the EPA adopted new technology-based effluent limitations guidelines for waste treatment facilities that treat or recover hazardous or nonhazardous industrial waste or wastewater received from off-site and then discharge pollutants into U.S. waters or publicly operated treatment works. Although the guidelines are based on particular technologies, the new guidelines do not require a facility to use these technologies. Individual facilities may meet the requirements using whatever types of technologies and process changes they choose.

The Clean Water Act also prohibits certain discharges of oil or hazardous substances and authorizes the federal government to remove or arrange for removal of such oil or hazardous substances. In addition, the Clean Water Act requires the adoption of the National Contingency Plan to cover removal of such materials. Under the Clean Water Act, the owner or operator of a vessel or facility may be liable for penalties and costs incurred by the federal government in responding to a discharge of oil or hazardous substances.

The Clean Water Act also has a significant impact on the operations of the oilfield waste customers. EPA Region 6, which includes our proposed treatment market, continues to issue new and amended National Pollution Discharge

Elimination System general permits further limiting or restricting substantially all discharges of produced water from the Oil and Gas Extraction Point Source Category into waters of the United States. The combined effect of all of these permits closely approaches a "zero discharge" standard affecting all waters except those of the Outer Continental Shelf.

Resource Conservation Recovery Act (RCRA). RCRA is the principal federal statute governing hazardous and solid waste generation, treatment, storage and disposal. RCRA and state hazardous waste management programs govern the handling and disposal of hazardous waste. The EPA has issued regulations pursuant to RCRA, and states have promulgated regulations under comparable state statutes, that govern hazardous waste generators, transporters and owners and operators of hazardous waste treatment, storage or disposal facilities. These regulations impose detailed operating, inspection, training and emergency preparedness and response standards and requirements for closure, financial responsibility, manifesting of wastes, record-keeping and reporting, as well as treatment standards for any hazardous wastes intended for land disposal.

Facilities which treat and dispose of oilfield waste are exempt from classification as a RCRA-regulated waste. At various times in the past, proposals have been made to rescind the exemption that excludes oilfield waste from regulation under RCRA. The repeal or modification of this exemption by administrative, legislative or judicial process would require us to change our method of doing business and could have a material adverse effect on our business, results of operations and financial condition. There is no assurance that we would be able to adapt our operations or that we would have the capital resources available to do so. RCRA may indirectly affect our proposed operations by restricting the disposal of certain liquid wastes and sludges in landfills. This restriction may increase demand for waste treatment services.

CERCLA. The Comprehensive Environmental Response, Compensation and Liability Act, as amended in 1986 ("CERCLA"), provides for immediate response and removal actions coordinated by the EPA for releases of hazardous substances into the environment and authorizes the government, or private parties, to respond to the release or threatened release of hazardous substances. The government may also order persons responsible for the release to perform any necessary cleanup. Liability extends to the present owners and operators of waste disposal facilities from which a release occurs, persons who owned or operated such facilities at the time the hazardous substances were released, persons who arranged for disposal or treatment of hazardous substances and waste transporters who selected such facilities for treatment or disposal of hazardous substances. CERCLA has been interpreted to create strict, joint and several liability for the cost of removal and remediation, other necessary response costs and damages for injury to natural resources. If our operations or facilities become responsible for the release or improper disposal of hazardous substances, we could incur CERCLA liability. Presently, we have no intention to treat hazardous wastes.

The Clean Air Act. The Clean Air Act provides for federal, state and local regulation of emissions of air pollutants into the atmosphere. Any modification or construction of a facility with regulated air emissions must be a permitted or authorized activity. The Clean Air Act provides for administrative and judicial enforcement against owners and operators of regulated facilities, including substantial penalties. In 1990, the Clean Air Act was reauthorized and amended, substantially increasing the scope and stringency of the Clean Air Act's regulations. Compliance with the Clean Air Act is not expected to have a material adverse effect on our proposed business operations.

State and Local Regulations

Our proposed waste water processing operations will be subject to direct regulation by a variety of state and local authorities. We will be required to obtain processing, wastewater discharge and air quality permits from state and local authorities to operate facilities and to comply with applicable regulations concerning, among other things, the generation and discharge of odors and wastewater.

Order 29-B of the Louisiana Department of Natural Resources contains extensive rules regarding the generation, processing, storage, transportation and disposal of oilfield waste. Under Order 29-B, on-site disposal of oilfield waste is limited and subject to stringent guidelines. If these guidelines cannot be met, oilfield waste must be transported and disposed of off-site in accordance with the provisions of Order 29-B. Moreover, under Order 29-B, most, if not all, active waste pits (a typical on-site disposal method used by inland generators

of oilfield waste) must be closed or modified to meet regulatory standards; however, full enforcement of this portion of Order 29-B has been deferred. A number of amendments to Order 29-B were adopted effective as of November 20, 2001. Compliance with these amendments is not expected to have a material adverse effect on our proposed business operations. The Texas Railroad Commission has also adopted detailed requirements for the management and disposal of oilfield waste. Permits issued by state regulatory agencies are required for each oilfield waste treatment facility operating within Louisiana and Texas. We will have to perform tests before acceptance of any oilfield waste, as well as during and after treatment to ensure compliance with all regulatory requirements.

In the future, other states in which we may operate, have their own laws and regulations that may be more strict than comparable federal laws and regulations governing hazardous and nonhazardous waste disposal, water and air pollution, releases and cleanup of hazardous substances and liabilities for such matters. Our future proposed operations are likely to be subject to many, if not all, of these laws and regulations. In addition, states and localities into which we may expand, by acquisition or otherwise, may now or in the future have regulations with positive or negative effects on us.

Factors Influencing Future Results and Accuracy of Forward-Looking Statements
In the normal course of our business, in an effort to help keep our stockholders and the public informed about our operations, we may from time to time issue or make certain statements, either in writing or orally, that are or contain forward-looking statements, as that term is defined in the U.S. federal securities laws. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, projected or anticipated benefits from acquisitions made by or to be made by us, or projections involving anticipated revenues, earnings or other aspects of operating results. The words "may," "will," "expect," "anticipate," "believe," "estimate," "continue", "plan" and similar expressions are intended to identify forward-looking statements. We caution readers that such statements are not guarantees of future performance or events and are subject to a number of factors that may tend to influence the accuracy of the statements and the projections upon which the statements are based, including but not limited to those discussed below. As noted elsewhere in this report, all phases of our proposed operations are subject to a number of uncertainties, risks and other influences, many of which are outside of our control, and any one of which, or a combination of which, could materially affect the results of our operations and whether forward-looking statements made by us ultimately prove to be accurate.

ITEM 2. Description of Property

Royis Ward, President of Ecoloclean Industries, Inc. is providing executive office space, located in Crystal City, Texas, to our company on a rent-free basis.

Our wholly owned subsidiary, World Environmental Technologies, Inc., owns real property located at 950 Birdsong Rd., LaFayette, Louisiana. This property supports its operations and those of Reliant Drilling Systems, Inc. This property consists of 3950 square foot office and shop building and a 5360 square foot open air covered work space.

Aquatronics Industries, Inc. leases its business offices and laboratory workshop. During 2005, the lease expense was $18,000. Commencing in 2006, its annual lease expense will be $45,400.

ITEM 3. Legal Proceedings

The Company and its subsidiaries are parties to various legal proceedings and claims incidental to our normal business operations for which no material liability is expected beyond that which has been recorded in our financial statements. While the ultimate resolution of the above matters is not known, management does not expect that the resolution of these matters will have a material adverse effect on the Company's financial statements and results of operation.

We are not aware of any material legal proceedings to which, any director, officer or affiliate of the Company, any owner of record or beneficial owner of more than 5% of our Company common stock, is a party to a legal proceeding adverse to our Company.

ITEM 4. Submission of Matters to Vote of Security Holders

During the fourth quarter of 2005, no matters were submitted to a vote of our security holders.

PART II

ITEM 5. Market for Common Equity and Related Stockholder Matters

Common Stock:

Our common stock trades Over-the-Counter (OTC) on the Electronic Bulletin Board under the symbol ECCI. Table 1. sets forth the high and low bid information for the past two years. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. These data provided by NASDAQ.

Table 1.

Bid Information

Fiscal Quarter Ended	High	Low
December 31, 2005	0.10	0.095
September 30, 2005	0.27	0.23
June 30, 2005	0.165	0.14
March 31, 2005	0.25	0.25
December 31, 2004	1.04	0.29
September 30, 2004	1.15	0.28
June 30, 2004	1.30	0.55
March 31, 2004	2.35	1.06

According to our records, the Company had approximately 50 record shareholders of our common stock as of December 31, 2005 holding 51,600,085 common shares. This number of shareholders does not include individual beneficial shareholders whose shares may be held in their brokers' street name.

Dividends and Dividend Policy

There are no restrictions imposed on the Company which limit its ability to declare or pay dividends on its common stock, except as limited by state corporation law. During the year ended December 31, 2005, no cash or stock dividends were declared or paid and none are expected to be paid in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of December 31, 2005. Information is included for equity compensation plans not approved by our security holders.

Table 1.

Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average Exercise price of outstanding options, warrants, and rights	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity Compensation Plans approved by security holders	None	None	None
Equity Compensation Plans not approved by security holders	5,000,000 (1)	$0.55	4,800,000
Total	5,000,000	$0.55	4,800,000

(1) On July 8, 2004, the Company adopted the 2004 Non-Qualified Stock Grant and Option Plan. The Plan was registered with the SEC on Form S-8 on July 23, 2004. The Plan reserved 5,000,000 shares. The Plan is administered by our Board of Directors. Directors, officers, employees, consultants, attorneys, and others who provide services to our Company are eligible participants. Participants are eligible to be granted warrants, options, common stock as compensation. We did not issue any shares from this plan during 2005.

Recent Sales of Unregistered Securities

All sales of unregistered securities have been previously reported in our filed periodic reports filed with the Securities & Exchange Commission on Forms 8-K and 10-QSB.

ITEM 6. Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis or Plan or Operation

Overview and Plan of Operation

Background

During the quarter ended December 31, 2005, Ecoloclean Industries, Inc. (ECCI) had gross operating revenues of $292,718 from continuing operations and $0 from discontinued operations which included its Louisiana subsidiary, Reliant Drilling Systems, Inc. ("RDS") and its Texas subsidiary, Ecoloclean of Texas, Inc. ("ECOT) whose operations were discontinued during the quarter ending March 31, 2005.

Current Operations

A. Industrial and Exploration Liquid Waste Remediation Services

World Environmental Technologies, Inc. is still awaiting the approval for the amendment to its State-Wide Water Discharge Permit which would allow World Environmental Technologies, Inc. to again offer its services of cleaning drill water to the oil and gas industry. The delay in receiving approval of this

amendment application maybe due to the over- worked Louisiana Department of Environmental Quality staff as a result of Hurricane Katrina. Once approval of the amendment is received, it is anticipated that the services offered by World Environmental Technologies, Inc. could again be in demand.

B. Agricultural Clean Up

Ecoloclean, Inc. ("ECI"), a wholly owned subsidiary of the Company, has devoted substantial efforts to the Dairy Industry as it pertains to the animal waste created by cows, swine and chickens. During the second quarter of 2005, the Company began additional demonstrations for approximately two hundred (200) dairy farmer, representatives from Texas A & M University, American Dairy Association, Texas Farm Bureau, the EPA and other interested parties. These tests were concluded on August 2, 2005 and the Company was notified that sufficient samples had been taken by the various agencies and no further evaluation was necessary. The Company's equipment has been removed and taken back to its facility for storage. The Company has been informed that Texas A&M will prepare a technical paper upon approval by the EPA, American Dairy Association, Texas Farm Bureau and other interested agencies, which will be published in all of the various agencies for public information. Subject to these test results, the Company expects to be able to offer the dairy industry along with the swine and chicken producers a much needed solution to their waste disposal problems. However, the Company does not expect any revenue producing activities from the agricultural business until the autumn of 2006 at the earliest, subject to a positive technical report from Texas A&M University.

C. Coale Separator aka "Diesel Pure"

As outlined previously, ECCI obtained the Worldwide Exclusive Rights for the patented Coale Separator. This device is capable of removing contaminants from diesel fuel, such as water, sand and other impurities, thus increasing engine life, reducing injector replacement and engine wear.

During the third quarter, the Company signed an exclusive marketing agreement with an experienced organization in the truck and auto after market and to the industrial market place. In order to sell our "Diesel Pure" product line in these market places, the Company was required to complete additional product information and instructions which would have been time consuming and costly. To date, the Company has been unable to fund such additional development cost as required.

Presently, our "in-house" personnel are continuing to exert efforts to gain attention to the attributes of this device from industries that utilize diesel engines. Sales efforts are being first directed to the companies that expressed an interest in the device prior to Hurricane Katrina.

D. Aquatronics Industries, Inc.

On September 13, 2005, the Company completed the acquisition of 100% of the outstand stock of Aquatronics Industries, Inc. located in Riverside, Rhode Island by the issuance of 2,500,000 shares of its restricted common stock and providing working capital of $300,000. Aquatronics Industries, Inc., a wholly owned subsidiary of Ecoloclean Industries, Inc. (ECCI) has provided creative and cost effective solutions to a wide range of industrial, commercial residential pure water, wastewater and solid waste management problems for in excess of 20 years. The Company intends to build on the 20 years of experience of Aquatronics management and employees which includes a customer base and are established reputations of technical expertise.

In addition to providing capital over the $300,000 initial requirement and an amount in excess of $150,000, Ecoloclean Industries, Inc. has assisted "Aquatronics" in acquiring the "Bio-Catalylitica" water purification patent (See New Developments"). This patent both extends the activities in which "Aquatronics" is already engaged and expands its capabilities beyond the levels of its previous experience in a cost-effective manner.

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E. New Developments

On March 23, 2006, the Company's wholly owned subsidiary, Aquatronics Industries, Inc., acquired the "Bio-Catalytic" water purification patent rights, which acts as an adjunct to the active disciplines engaged in the production and installation of water remediation systems and also provides the Company with exclusive manufacturing rights.

Consideration includes $150,000 was due at closing with the remaining $135,000 due at $15,000 per month beginning May 1, 2006, and a 5% royalty in addition to 3,000,000 shares of Ecoloclean Industries, Inc. restricted common stock of which 1,000,000 share were due at closing with the remaining 2,000,000 shares due within one year.

Financial Considerations

Currently, there are insufficient revenues and resources to offset annual operating overhead, which is now projected to be approximately $500,000. Until the Company obtains the amount of working capital required to meet its continuing operating overhead, it will be necessary to call upon the investment community and/or the Company's officers and others associated with the Company for financial assistance.

During the third quarter, the Company completed a $400,000 private placement of its restricted common stock. In addition, the Company completed a $150,000 debt financing and a $50,000 debt equity during the first four months of 2006.

In addition to capital needs for operating overhead, the Company's need for capital has increased substantially as a result of it acquiring Aquatronics Industries, Inc. To meet these continuing and increasing needs, management's plans are to (i) to raise capital by obtaining financing through private placement efforts (ii) issue common stock for services rendered in lieu of cash payment and (iii) obtain loans from the President and other employees of the Company.

The Company's future ability to achieve these objective cannot be determined at this time. The accompanying financial statement do not include any adjustments that might result from the outcome of this uncertainty and should not be regarded as typical for normal operating periods.

The Company believes that it will continue to incur losses for at least the next six months and, as a result, will require additional funds to meet such needs. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern.

The Company's future ability to achieve these objectives cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty and should not be regarded as typical for normal operating period.

Conclusion

Although the Company expended substantial financial resources to establish its field services operations, the expected results were not achieved. Accordingly, as indicated above, two of the Company's subsidiaries discontinued operations during the first quarter of 2005 and their assets have been substantially liquidated during the year ended December 31, 2005.

As stated here, future activities of the Company will be partially dependent on its ability to obtain additional funding in the near future and the success of its newly acquired subsidiary, Aquatronics Industries, Inc.

RESULTS OF OPERATIONS

REVENUES: The Company reported revenues of $387,651 from continuing operations for the year ended December 31, 2005, as compared to $71,117 in revenues for the year ended December 31, 2004. The increased revenues of $316,534 were due to $375,706 of revenues from our newly acquired subsidiary, Aquatronics Industries, Inc., (Aquatronics) less a reduction of revenues of $59,172 to $11,945 from our World Environmental Technologies, Inc., subsidiary.

TOTAL COSTS AND EXPENSES: Total costs and expenses decreased from $3,665,482 (restated) for the year ended December 31, 2004, to $2,160,490 (exclusive of impairment losses and gains on sales of equipment) for the year ended December 31, 2005, of which $480,236 was incurred at "Aquatronics." The decrease of $1,985,228 (exclusive of "Aquatronics") was primarily due to the Company's cost reduction program. Non-cash stock-based costs and expenses totaled $471,194 of the $2,160,480 of expenses.

OPERATING EXPENSES: Operating expenses decreased from $288,798 for the year ended December 31, 2004, to $153,139 from continuing operations for the year ended December 31, 2005. The decrease of $134,859 was primarily due to the Company's cost reduction program.

SELLING, GENERAL AND ADMINSTRATIVE EXPENSES: Selling, general and administrative expenses decreased from $3,188,726 (restated) for the year ended December 31, 2004, to $1,483,643 for the year ended December 31, 2005, of which $158,507 was incurred at "Aquatronics." The decrease of $1,863,590 (exclusive of "Aquatronics") was primarily due the Company's cost reduction program.

INCOME TAX: The pretax loss decreased from $4,160,107 (restated) for the year ended December 31, 2004, to $2,172,804 for the year ended December 31, 2005, a decrease of $2,129,246 (exclusive of the $141,943 loss at "Aquatronics").

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES: Capital expenditures during the year ended December 31, 2005, totaled $153,584 as compared with

$571,924 for the year ended December 31, 2004. The expenditures of $53,584 primarily consisted of equipment purchased for the "Coale Separator" manufacturing efforts and $16,312 of computer equipment and a vehicle purchased by `Aquatronics"; whereas, the $571,924 of capital expenditures for the year ended December 31, 2004, primarily consisted of equipment purchased for the Company's solid control subsidiary, which has now been discontinued.

Sales of assets, including equipment, customer lists and contracts for the year ended December 31, 2005, were $440,762 including a $6,685 cost adjustment as compared to $0 for the year ended December 31, 2004. The increase of $440,762 was primarily due to sales of assets of $421,562 by the Company's Reliant Drilling Systems, Inc., and Ecoloclean of Texas, Inc., subsidiaries after discontinuance of their operations.

Total debt decreased from $3,267,650 at December 31, 2004 to $2,858,172 at December 31, 2005, a decrease of $409,478 inclusive of $246,540 of "Aquatronics" debt. The decrease of debt was substantially attributable to a conversion of $1,250,000 debt due the President to 7,352,941 shares of restricted common stock offset by $610,277 in additional loans from the President and a former officer of the Company. These additional funds advanced allowed the Company to continue operations. Total debt as of December 31, 2005 and December 31, 2004 expressed as a percentage of the sum of total debt and shareholders' deficit was 249.3% and 268.3% respectively.

Net loss for the year ended December 31, 2005 was $2,172,804, a decrease of 47.8% from the restated net loss of $4,160,107 for the year ended December 31, 2004. Diluted net loss per common share decreased 50% to $0.05. The net loss per share calculation for the year ended December 31, 2005, included an increase in actual and equivalent shares outstanding.

DISCONTINUED OPERATIONS: The loss from discontinued operations for the year ended December 31, 2005, includes losses of $90,210 incurred by Reliant Drilling Systems, Inc., and $15,289 incurred by Ecoloclean of Texas, Inc. These losses of each subsidiary, which total $105,499, are primarily attributable to their inability to obtain gross revenue levels and margins in sufficient enough amounts to cover operating support costs and other overhead of each company. Losses of these two subsidiaries were $565,472 for the year ended December 31, 2004, which was the first year of operations for Reliant Drilling Systems, Inc., the pre-operating period, and the first six months of operations of Ecoloclean of Texas, Inc.

GOING CONCERN: While the Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, certain adverse conditions and events cast substantial doubt upon the validity of this assumption. Factors contributing to this substantial doubt include recurring losses from operations and net working capital deficiencies. As mentioned in the Financial Condition, Liquidity and Capital Resources section above, we are currently dependent on funding from the President to continue the Company's operations. The discontinuance of such funding and the unavailability of outside financing to replace such funding could result in the Company ceasing operations.

FORWARD-LOOKING STATEMENTS:

We have included forward-looking statements in this report. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may", "will", "expect", "believe", "anticipate", estimate", "plan" or "continue" or the negative or other variations thereof are comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors. Factors that might cause forward-looking statements to differ materially from actual results include, among other things, overall economic and business conditions, demand for the Company's products, competitive factors in the industries in which we compete or intend to compete, impact and other uncertainties of our future acquisitions plans.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

The Company does not issue or invest in financial instruments or their derivatives for trading or speculative purposes. The operations of the Company are conducted primarily in the United States, and, are not subject to material foreign currency exchange risk. Although the Company has outstanding debt and related interest expense, market risk of interest rate exposure in the United States is currently not material.

ITEM 7. Financial Statements

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ITEM 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 8A. Controls and Procedures.

(a) Evaluation Of Disclosure Controls And Procedures.

Item 308(a)(3) of Regulation S-B states that "Management is not permitted to conclude that the small business issuer's internal control over financial reporting is effective if there are one or more material weaknesses in the small business issuer's internal control over financial reporting." As a result of (1) our inability to timely report the historical financial statements of Aquatronics Industries, Inc. and (2) the restatements to our December 31, 2004 financial statements and our quarterly reports for the periods ending March

31, June 30 and September 30, 2005, as disclosed in Footnote 3 to our December 31, 2005 financial statements contained herein, our Chief Executive Officer and Principal Accounting Officer, can no longer conclude that after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the

Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Report on Form 10-KSB, that our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

At the time we acquired Aquatronics Industries, Inc. we had believed that we would be able to report its historical financial statements on Form 8-K/A. However, due to a limited financial resources, we have been unable to present Aquatronics' historical financial statements. We believe that we will be able to report them in the near future.

Additionally, the Company believes that its restatement to its December 31, 2004 financial statements and restatements to quarterly reports for March 31, June 30 and September 30, 2005 financial statements, will be a one time occurrence and that moving forward our Controls and Procedures will once again be effective as the accounting corrections contained in the restated December 31, 2004, March 30, June 30 and September 30, 2005 financial statements. The Company is utilizing the guidelines communicated to it by the SEC after various communications regarding accounting for stock based compensation and discontinued operations.

(b) Changes In Internal Control Over Financial Reporting.

There were no significant changes in our internal control over financial reporting during the last fiscal year and/or up to and including the date of this filing (except as disclosed in (a) above) that we believe materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) Limitations.

Our management, including our Principal Executive Officer and Principal Financial Officer, does not expect that our disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 8B. Other Information.

None.

PART III

ITEM 9. Directors, Executive Officers, Promoters, and Control Persons: Compliance With Section 16(a) of the Exchange Act

The following table lists the names, ages, and positions of the executive officers and directors of the Company that served during the year ending December 31, 2005. All officers and directors have been appointed to serve until their successors are elected and qualified. Additional information regarding the business experience, length of time served in each capacity, and other matters relevant to each individual is set forth following the table.

The officers and directors of the Ecoloclean Industries, Inc., Ecoloclean, Inc. and Ecoloclean of Texas, Inc. are as follows:

Name	Age	Position	Term
Royis Ward	72	President, CEO, Director CFO	Jan 03-Present
Michael Ward	50	Secretary/Treasurer, Director	Jan 03-Sept 05

ROYIS WARD:

Royis Ward has been the President and Director of Ecoloclean since January 2003. During 2003, until his resignation on October 1, 2003, he served as Secretary/Treasurer and a Director of Tidelands Oil & Gas Corporation, a publicly held company. Mr. Ward had served in the Tideland's offices since October 21, 1998. He has been engaged in the oil and gas industry since graduation from Tyler Junior College, Tyler, Texas in 1952. Initially, he was employed as a production superintendent and landman for Coffield & Guthrie, Inc., a large independent oil and gas operator and thereafter placed in charge of pipeline and drilling operations from 1952-1955. In 1955, he began to develop oil and gas properties for his own account as an independent oil and gas operator throughout the southwest until 1962. At that time, he became President of Omega Petroleum Corporation, Shreveport, Louisiana. Thereafter, he continued as an independent oil and gas operator drilling individual in excess of 50 wells in the South Texas Area. In 1968, he became the President and CEO of Omega Minerals, Inc. and was instrumental in acquiring vast oil and gas properties by drilling, development, and re-acquisitions. In 1985, Tidelands Oil Corporation, a Texas Corporation, was formed for the purpose of drilling and developing oil and gas properties in South Texas.

MICHAEL WARD:

On September 7, 2005, our corporate Secretary and member of the board of directors, Michael Ward, tendered his resignation from these positions. Mr. Ward's decision to resign was the result of increased demands on his professional responsibilities to other business enterprises.

Mr. Ward had been the Secretary/Treasurer and a Director of Ecoloclean since January 2003. He is also the President, Chief Executive Officer and Director of the Tidelands Oil & Gas Corporation. Michael Ward has served in the Tideland's offices since October 21, 1998. Mr. Ward has more than 25 years of diversified experience as an oil and gas professional. He was educated in business management and administration at Southwest Texas State University and the University of Texas. He has wide experience in the capacity in which he successfully served in operating oil and gas companies in the United States. During the past 20 years, he has been associated with Century Energy Corporation where his duties and responsibilities were production and drilling superintendent and supervised 300 re-completions and new drills in Duval County, Texas. In association with Omega Minerals, Inc., where he was vice president and part owner, he operated 65 wells in 23 counties in South and West Texas: 17 wells in Seminole and Osage Counties, Oklahoma, 44 wells in Neosho and Wilson Counties, Kansas and 125 wells in Brown, Pike, Schuyler and Scott Counties. Illinois. He was president and owner of Major Petroleum Company. He drilled, completed and produced 42 wells in South and West Texas counties. The company was sold. With Tidelands Oil Corporation, his duties included supervising and performing remedial well work, work-overs and economic evaluation of the corporate properties. The primary area of interest was in Maverick County, Texas. He has performed project financing analysis and consulting of refinery acquisitions for the Yemen government.

Family Relationships: Michael Ward is the son of Royis Ward.

The officers and directors of the World Environmental Technologies, Inc. and Reliant Drilling are as follows:

Name	Age	Position
Michael Richardson	64	President, CEO, Director

Michael Richardson founded World Environmental Technologies, Inc. ("WET") in 2001. He founded the company to capitalize on business opportunities created by increased environmental governmental regulation in the State of Louisiana. He sought out new technologies which could address environmental remediation of contaminated industrial liquids. Prior to founding WET he was an independent consultant and project manager providing environmental consulting services a variety of corporations.

Compliance with Section 16(a) of the Securities Exchange Act of 1934 Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's Common Stock, to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of changes in beneficial ownership of Common Stock of the Company. Officers, directors and greater than 10% shareholders are required by the Securities and Exchange Commission to furnish the Company with copies of all section 16(a) reports they file. Based solely on copies of such forms furnished as provided above, or written representations that no Forms 5 were required, the Company believes that during the fiscal year ended December 31, 2005, all Section 16(a) filing requirements applicable to its executive officers, directors and beneficial owners of more than 10% of its Common Stock were complied with, except as follows: During 2005, Royis Ward, Michael Ward and Michael Richardson each failed to file one Form 5 each, Annual Statement of Beneficial Ownership. During 2005, Royis Ward failed to file one Forms 4, Statement of Change in Beneficial Ownership regarding a private transfer of 500,000 shares of common stock on October 26, 2005. Additionally, M.C. Richardson filed two Forms 4 late.

The officers and directors of Aquatronics Industries, Inc. is as follows:

Name	Age	Position

Howard Schachter	73	President, CEO, Director

Mr. Schachter has been employed by Aquatronics Industries for the last five years. He is the founder and chief executive officer. His spouse, Ruth Schachter, is an Ecoloclean Industries shareholder. She owns 2,500,000 common shares which she acquired in connection with the company's purchase of Aquatronics Industries, Inc., a Rhode Island corporation.

CODE OF ETHICAL CONDUCT.

On May 15, 2003, our board of directors adopted our code of ethical conduct that applies to all of our employees and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions.

We believe the adoption of our Code of Ethical Conduct is consistent with the requirements of the Sarbanes-Oxley Act of 2002.

Our Code of Ethical Conduct is designed to deter wrongdoing and to promote:

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

Full, fair, accurate, timely and understandable disclosure in reports and documents that we file or submit to the Securities & Exchange omission and in other public communications made by us;

Compliance with applicable governmental laws, rules and regulations,

The prompt internal reporting to an appropriate person or persons identified in the code of violations of our Code of Ethical Conduct; and

Accountability for adherence to the Code.

ITEM 10. Executive Compensation

The following sets forth the compensation of the officers of the Company in the year ended December 31, 2005.

Summary Compensation.

The following table sets forth the compensation paid by the Company during fiscal year 2005 to its officers. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

Table 1.

Name and Position	Year	Salary	Bonus	Securities Underlying Options/SARs
Royis Ward Director, President	2005	$120,000(1)	-0-	1,000,000

Michael Ward Sec/Treas., Director	2005	-0-	-0-	1,000,000

Notes:

(1) As of December 31, 2005, the cumulative amount of unpaid officer salary was $437,500 and is included in accounts payable and accrued expenses of our financial statements.

The following table sets forth the compensation paid by our Aquatronics Industries subsidiary during fiscal year 2005 to it officers. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

Table 2.

Name and Position	Year	Salary	Bonus	Securities Underlying Options/SARs
Howard Schachter Director, President	2005	$37,500(1)	-0-	-0-

Compensation of Directors

The members of the Board of Directors are not compensated by the Company for acting as such.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the Common Stock ownership information as of December 31, 2005, with respect to(i) each person known to the Company to be the beneficial owner of more than 5% of the Company's Common Stock; (ii) each director of the Company; and (iii) all directors, executive officers and designated stockholders of the Company as a group. This information as to beneficial ownership was furnished to the Company by or on behalf of the persons named. Unless otherwise indicated, each has sole voting and investment power with respect to the shares beneficially owned. The percentages are based on 51,600,085 shares issued and outstanding as of December 31, 2005.

(a) Beneficial Ownership of more than 5% based on 51,600,085 common shares.

Table 1.

(1) Title of Class Common Stock	(2) Name and Address	(3) Amount and Nature	(4) Percent of Class
Royis Ward(1)	2242 S. Hwy 83 Crystal City, TX	13,352,941(3)	25.80%
Michael Ward(1)(2)	1862 W. Bitters Rd. San Antonio, TX	7,000,000(3)	13.56%

Total	20,352,941	39.36%

Notes:

(1) Directors and Officers of Ecoloclean Industries, Inc. during 2005.
(2) Michael Ward resigned his positions effective September 7, 2005.
(3) This figure includes 1,000,000 common shares underlying outstanding common stock options which are immediately exercisable. These options have not yet been exercised.

(b) Security Ownership of Management. Based on 51,600,085 shares as of December 31, 2005.

Table 2.

(1) Title of Class Common Stock	(2) Name and Address	(3) Amount and Nature	(4) Percent of Class
Royis Ward(1)(2)	2242 S. Hwy 83. Crystal City, TX	13,352,941(5)	25.80%
Michael Ward(1)(2)(4)	1862 W. Bitters Rd. San Antonio, TX	7,000,000(5)	13.56%
Michael Richardson(2)	950 Birdsong St. Lafayette, LA	1,969,964	3.81%
Howard Schachter(3)	501 Bullocks Point Rd. Riverside, RI 02915	2,500,000	4.84%
Total		24,822,905	48.01%

Notes:

(1) Directors and Officers of Ecoloclean Industries, Inc.
(2) Mike Richardson is an officer and director of World Environmental Technologies, Inc., an Ecoloclean subsidiary.
(3) Howard Schachter is an officer and director of Aquatronics Industries, Inc., an Ecoloclean subsidiary. The shares are owned by his spouse, Ruth Schachter and beneficial ownership is attributed to him for the purposes of this Table.
(4) Michael Ward resigned as an officer and director September 7, 2005.
(5) This figure includes 1,000,000 common shares underlying outstanding common stock options which are immediately exercisable. These options have not yet been exercised.

ITEM 12. Certain Relationships and Related Transactions

As of December 31, 2005, the cumulative amount of unpaid officer's salary was $437,500 and is included in the accounts payable and accrued expenses. The board of directors had approved a salary for officer services.

At December 31, 2005, cumulative advances bearing interest at the rate of 5%

annually were due to company officers in the amount of $1,302,085, plus $181,490 accrued interest. The accrued interest is included in accounts payable and accrued expenses. The advances are due July 10, 2007.

On September 5, 2005, the company granted Royis Ward and Michael Ward options to purchase up to 1,000,000 Ecoloclean shares of common stock at Twenty ($0.20) Cents per share. The options are immediately exercisable and terminate on September 5, 2010.

ITEM 13. Exhibits

*3.1	Articles of Incorporation of Sailtech International, Inc., a Nevada corporation, formerly Argonaut Resources, Ltd
*3.2	Articles of Amendment Sailtech International, Inc., formerly Argonaut Resources, Ltd.
*3.3	Articles of Amendment of Sailtech International, Inc. changing name to Ecoloclean Industries, Inc. filed Form 8-K on 12-18-03.
*3.4	Bylaws of Sailtech International, Inc.
21	List of Subsidiaries
31	Chief Executive/Financial Officer-Section 302 Certification pursuant to Sarbanes-Oxley Act.
32	Chief Executive/Financial Officer-Section 906 Certification pursuant to Sarbanes-Oxley Act.

* Previously filed.

ITEM 14. Principal Accountant Fees and Services.

The Company paid or accrued the following fees in each of the prior two fiscal years to its principal accountant, Baum & Co., P.A. of Coral Springs, Florida.

		Year End 12-31-04	Year End 12-31-05
(1)	Audit Fees	$39,530	$43,285
(2)	Audit-related Fees	-0-	3,750
(3)	Tax Fees	-0-	-0-
(4)	All other fees	-0-	-0-
	Total Fees	$39,530	$47,035

The Company has no formal audit committee. However, as defined in Sarbanes-Oxley Act of 2002, the entire Board of Directors is the Company's defacto audit committee.

The Company's principal accountant, Baum & Co., P.A. did not engage any other persons or firms other than the principal accountant's full-time, permanent employees.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) to the Securities Exchange Act of 1934, the Company has duly caused this Form 10-KSB Report for the period ending December 31, 2005 to be signed on its behalf by the undersigned, thereunto duly authorized on this 11th day of May 2006.

ECOLOCLEAN INDUSTRIES, INC.

BY: /s/ Royis Ward

Royis Ward, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Date: May 11, 2006

/s/ Royis Ward

Royis Ward, President, Director

ECOLOCLEAN INDUSTRIES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005 AND 2004

ECOLOCLEAN INDUSTRIES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005 AND 2004

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BAUM & COMPANY, P.A.
1515 UNIVERSITY DRIVE, SUITE 209
CORAL SPRINGS, FLORIDA 33071

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Ecoloclean Industries, Inc.
2242 S. Highway 83
Crystal City, TX 78839

We have audited the accompanying consolidated balance sheets of Ecoloclean Industries, Inc., as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' (deficit), and cash flows for the years ended December 31, 2005 and 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ecoloclean Industries, Inc., as of December 31, 2005 and 2004, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3 to the financial statements, the accompanying consolidated balance sheets and related statements of consolidated operations, shareholders'(deficit) and cash flows have been restated to reflect the proper accounting for certain transactions which occurred during the year ended December 31, 2004. In our original report dated April 14, 2005, we expressed an unqualified opinion on the consolidated financial statements and our opinion in the revised statements remains unqualified.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Baum & Company, P.A.
Coral Springs, Florida
May 4, 2006

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ECOLOCLEAN INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 2005	December 31, 2004 (Restated)
Current Assets:		

Cash	$ 8,649	$ 5,345
Accounts Receivable	100,839	1,785
Inventory	76,091	0
Prepaid Expenses	44,594	28,801
Current Portion of Assets of Discontinued Operations	58,520	196,279
Total Current Assets	288,693	232,210
Property, Plant and Equipment (Net)	364,130	427,952
Other Assets:		
Deposits	6,450	400
License and Trademark Costs (Net)	12,836	80,434
Intangible Assets	310,696	33,585
Non-Current Portion of Assets of Discontinued Operations	0	443,310
Total Other Assets	329,982	557,729
Total Assets	$ 982,805	$ 1,217,891

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

Current Liabilities:		
Notes and Loans Payable - Current Portion	$ 198,161	$ 171,209
Accounts Payable and Accrued Expenses	1,225,212	686,064
Current Portion of Liabilities of Discontinued Operations	117,220	458,908
Total Current Liabilities	1,540,593	1,316,181
Long-Term Debt	15,494	9,661
Due to Related Parties	1,302,085	1,941,808
Total Liabilities	2,858,172	3,267,650
Commitments and Contingencies	--	--
Stockholders' (Deficit)		
Preferred Stock, $0.001 par value per share, 10,000,000 shares authorized, 0 shares issued and outstanding	--	--
Common Stock, $0.0001 par value per share, 100,000,000 shares authorized, 51,600,085 and 37,900,664 shares issued and outstanding at 2005 and 2004 respectively	5,160	3,790
Additional Paid-in Capital	5,358,581	3,012,756
Accumulated (Deficit)	(7,239,108)	(5,066,305)
Total Stockholders' (Deficit)	(1,875,367)	(2,049,759)
Total Liabilities and Stockholders' (Deficit)	$ 982,805	$ 1,217,891

See Accompanying Notes to Consolidated Financial Statements

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ECOLOCLEAN INDUSTRIES, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS

	For Year Ended December 31, 2005	For Year Ended December 31, 2004 (Restated)
Revenues	$ 387,651	$ 71,117
Expenses		
Cost of Sales	317,812	34,056
Operating Expenses	153,939	288,798
Depreciation & Amortization	100,393	72,211
Interest	104,703	81,691
Officer's Salary	157,500	120,000
Selling, General and Administrative	1,326,143	3,068,726
Impairment Loss	313,386	0
Gain on Sale of Assets	(18,920)	0
Total Expenses	2,454,956	3,665,482
Net (Loss) from Continuing Operations	(2,067,305)	(3,594,365)
Net (Loss) from Discontinued Operations	(105,499)	(565,742)
Net (Loss)	$ (2,172,804)	$ (4,160,107)
Net (Loss) Per Common Share		
Basic and Diluted		
Net (Loss) from Continuing Operations	$ (0.05)	$ (0.10)
Net (Loss) from Discontinued Operations	(0.00)	(0.02)
Total	$ (0.05)	$ (0.12)
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	44,026,230	35,200,664

See Accompanying Notes to Consolidated Financial Statements

ECOLOCLEAN INDUSTRIES, INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (RESTATED)

	Common Stock Shares Issued	Amount	Additional Paid-In Capital	Accumulated (Deficit)	Total Stockholders' (Deficit)
Balance December 31, 2003	32,500,664	$ 3,250	$ 190,558	$ (906,198)	$ (712,390)
Stock Issuances					
Sale of Common Stock	1,000,000	100	499,900	0	500,000
For Services and Compensation	4,400,000	440	2,647,298	0	2,647,738
Fee for Services re- Sale of Common Stock	0	0	(325,000)	0	(325,000)
Net Loss for the Period	0	0	0	(4,160,107)	(4,160,107)
Balance December 31, 2004	37,900,664	$ 3,790	$ 3,012,756	$(5,066,305)	$(2,049,759)
Stock Issuances					
Sale of Common Stock	2,020,000	202	403,798	0	404,000
For Services and Compensation	1,776,480	178	471,016	0	471,194
For Acquisition	2,500,000	250	249,750	0	250,000
In Payment of Loans	7,352,941	735	1,249,265	0	1,250,000
In Payment of Accrued Expense	50,000	5	11,995	0	12,000
Fee for Services re: Sale of Common Stock	0	0	(40,000)	0	(40,000)

Rounding	0	0	1	1	2
Net Loss for the Period	0	0	0	(2,172,804)	(2,172,804)
	51,600,085	$ 5,160	$ 5,358,581	$(7,239,108)	$(1,875,367)

See Accompanying Notes to Consolidated Financial Statements

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ECOLOCLEAN INDUSTRIES, INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS

	For Year Ended December 31, 2005	For Year Ended December 31, 2004 (Restated)
Cash Flows Provided (Required) By Operating Activities:		
Net (Loss)		
From Continuing Operations	$ (2,067,305)	$ (3,594,365)
From Discontinued Operations	(105,499)	(565,742)
Adjustments to Reconcile Net (Loss) to Net Cash Provided (Required) by Operating Activities:		
Depreciation and Amortization		
From Continuing Operations	100,393	72,211
From Discontinued Operations	39,973	72,338
Impairment Losses	313,386	0
Issuance of Common Stock for Services Provided	471,194	2,647,738
(Gain) Loss on Sale of Assets		
From Continuing Operations	(18,920)	0
From Discontinued Operations	(55,168)	0
Officer's Salary Accrual	157,500	120,000
Changes in		
Accounts Receivable	141,278	(76,950)
Inventory	28,989	0
Prepaid Expenses	28,912	(52,678)

Accounts Payable and Accrued Expenses	(81,280)	446,897
Net Cash (Required) By Operating Activities	(1,046,547)	(930,551)
Cash Flows Provided (Required) By Investing Activities:		
Note Receivable - Sale of Assets	(55,420)	0
Proceeds - Sale of Assets	440,752	0
Acquisitions of Machinery and Equipment	(53,584)	(571,924)
Deposits and Other Non-Current Assets	6,520	(12,770)
Licenses and Trademark Costs	0	(65,505)
Net Cash Provided (Required) By Investing Activities	338,268	(650,199)

See Accompanying Notes to Consolidated Financial Statements

ECOLOCLEAN INDUSTRIES, INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(CONTINUED)

	For Year Ended December 31, 2005	For Year Ended December 31, 2004 (Restated)
Cash Flows Provided (Required) By Financing Activities		
Cash Acquired in Acquisition	$ 14,753	$ 0
Payments of Short-Term Loans	(280,166)	0
Proceeds of Long-Term Loan	4,775	0
Proceeds of Notes and Loans Payable	0	242,708
Proceeds from Issuance of Common Stock	404,000	500,000
Proceeds of Loans from Related Parties	610,278	1,166,439
Fees for Services - Sale of Common Stock	(40,000)	(325,000
Net Cash Provided by Financing Activities	713,640	1,584,147

Net Increase in Cash	5,361	3,397
Cash at Beginning of Period	5,929	2,532
Cash at End of Period	$ 11,290	$ 5,929
Supplemental Disclosures of Cash Flow Information		
Cash Payments for Interest	$ 31,040	$ 18,826
Cash Payments for Income Taxes	$ 0	$ 0
Non-Cash Investing Activities and Financing Activities:		
Issuance of Common Stock:		
For Repayment of Loan from Related Party	$ 1,250,000	$ 0
For Payment of Account Payable	12,000	0
For Acquisition of Aquatronics Industries, Inc. Net of $14,753 Cash Acquired	235,247	0
Total Non-Cash Investing Activities and Financing Activities	$ 1,497,247	$ 0

See Accompanying Notes to Consolidated Financial Statements

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ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding these consolidated financial statements. The consolidated financial statements and notes are representations of management who are responsible for their integrity and objectivity. The accounting policies used conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these consolidated financial statements.

Organization

On June 11, 2002, Ecoloclean, Inc., the Company, incorporated in the state of Texas. On September 1, 2002, the Company acquired all of the outstanding shares of World Environmental Technologies, Inc. (WET). On January 14, 2003, the Company completed a reverse acquisition with Sailtech International, Inc., which then changed its name to Ecoloclean Industries, Inc. In addition to owning all of the outstanding shares of WET and Ecoloclean, Inc., the Company also owns all of the outstanding shares of Reliant Drilling Systems, Inc. and Ecoloclean of Texas, Inc, whose operations were discontinued during 2005 (See Note 13 - Discontinued Operations). On September 14, 2005, the Company completed the acquisition of 100% of capital stock of Aquatronics Industries, Inc., with an effective date of August 1, 2005.

Business

The Company and its subsidiaries operate under a worldwide, industry exclusive and perpetual license to manufacture machines, pursuant to a patent, for the treatment of contaminated water through a process known as electrocoagulation. The industry exclusivity applies to the petroleum exploration, petroleum, chemical, transportation and refining industries.

As a result of the acquisition of Aquatronics Industries, Inc., the Company is now concentrating its business activities in providing water remediation and purification services and products to a wide variety of industrial, commercial and residential customers.

In addition, the Company has substantially delayed its marketing efforts of the "Coale Separator". (See Note 5 - Licenses and Trademarks).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material inter-company items and transactions have been eliminated.

Fair Value of Financial Instruments

The Company has adopted Statement of Financial Accounting Standards No. 107 "Disclosures About Fair Value of Financial Instruments", which requires the disclosures of the fair value of off-and-on balance sheet financial instruments. Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to use estimates and make judgments. While management has considered all available information, actual amounts could differ from those reported as assets, liabilities, related revenues, costs and expenses and the disclosed amounts of contingencies.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost. Depreciation of property, plant and equipment is provided on the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations. Additions and betterments, which extend the useful lives of the assets, are capitalized. Upon retirement or disposal of the property, plant and equipment, the cost and accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is reflected in operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Purchased Intangible Assets

Goodwill of $460,696 represents the excess of cost over fair value of net assets acquired through acquisitions. Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" (SFAS 142) requires goodwill to be tested for impairment, on an annual basis and between annual tests in certain circumstances, and written down when impaired, rather than being amortized as previous accounting standards required. Furthermore, SFAS 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite. The Company assessed goodwill for impairment by comparing the fair value of a reporting unit with its carrying value, including goodwill. During 2005, the Company determined that the carrying amount of the goodwill assigned to the acquisition of Aquatronics Industries, Inc., exceeded its fair value, which was estimated based on the present value of expected future cash inflows. Accordingly, a goodwill impairment loss of $150,000 was recognized. In addition, during the year 2005, management determined that certain license costs, which were subject to amortization, were also impaired based on estimated future cash flows, and accordingly, an impairment loss of $49,600 (See Note 5 - Licenses and Trademark Costs) was likewise recognized.

Long-Lived Assets

Statement of Financial Accounting Standards 144 (SFAS 144) "Accounting for the Impairment or Disposal of Long-Lived Assets" requires that long-lived assets to be held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

During 2005, the Company recorded an impairment loss of $76,383 on certain electro coagulation units recorded on the books of Ecoloclean, Inc. and World Environmental Technologies, Inc. In addition, The Company wrote down equipment of its recently acquired subsidiary, Aquatronics Industries, Inc. by $37,413.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue on service contracts and systems sales ratably over applicable contract periods or as services are performed. Amounts billed and collected before the services are performed are included in deferred revenues. Amounts collected but not billed, before the services are performed, are included in customer deposits.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards 109 (SFAS 109), "Accounting for Income Taxes," which requires the establishment of a deferred tax asset or liability for the recognition of future deductions or taxable amounts and operating loss carry forwards. Deferred tax expense or benefit is recognized as a result of the change in the deferred asset or liability during the year. If necessary, the Company will establish a valuation allowance to reduce any deferred tax asset to an amount which will, more likely than not, be realized.

Net (Loss) Per Common Share

The Company accounts for earnings (losses) per share in accordance with Statement of Financial Accounting Standard 128 (SFAS 128) "Earnings per Share". Basic earnings (losses) per share is based upon the net earnings (losses) applicable to common shares after preferred dividend requirements and upon the weighted average number of common shares outstanding during the period. Diluted earnings (losses) per share reflect the effect of the assumed conversions of convertible securities and exercise of stock options only in the periods in which such affect would have been dilutive. Basic and diluted net loss per common share are the same since (a) the Company has reflected net losses from continuing operations for all periods presented and (b) the potential common shares of the Company would be anti-dilutive.

Concentrations

The Company receives certain of its components from sole suppliers. Additionally, the Company relies on a limited number of contract manufacturers and suppliers to provide manufacturing services for its products. The inability of any contract manufacturer or supplier to fulfill supply requirements of the Company could materially impact future operating results.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS 149). SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS 149 is generally effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In May 2003, the FASB issued SFAS No. 150, "Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity" (SFAS 150). SFAS 150 improves the accounting for certain financial instruments that previously might have been accounted for as equity. SFAS 150 required that those instruments be classified as liabilities in statements of financial position. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003. The Company adopted both SFAS 149 and SFAS 150 in 2003. The adoption of these standards did not have a material effect on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123(R), Share-Based Payment, which establishes standards for transactions in which an entity exchanges its equity instruments for goods or services. This standard requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. This eliminates the exception to account for such awards using the intrinsic method previously allowable under APB Opinion No. 25. SFAS No. 123(R) will be effective for interim or annual reporting periods beginning on or after June 15, 2005. The adoption did not have a material effect on the Company's consolidated financials statements.

NOTE 2 - GOING CONCERN

The accompanying audited consolidated financial statements have been prepared on a going concern basis, which anticipates the realization of assets and the liquidation of liabilities during the normal course of operations. However, as shown in these consolidated financial statements, the Company during the year ended December 31, 2005, incurred a net loss of $2,172,804, and as of that date, the Company's total liabilities exceeded its total assets by $1,875,367. In addition, the Company in its short history (incorporated in 2002) has an accumulated deficit of $7,239,108. These factors raise doubt about the Company's ability to continue as a going concern if changes in operations are not forthcoming.

NOTE 2 - GOING CONCERN (CONTINUED)

Management, in the first quarter of 2005, discontinued operations in certain of its wholly-owned subsidiaries, (See Note 13 - Discontinued Operations), and is concentrating its efforts on other resources, particularly its recently acquired subsidiary, Aquatronics Industries, Inc. The Company's ability to continue as a going concern will depend on management's ability to successfully implement a business plan which will increase revenues, control costs, and obtain additional forms of debt and/or equity financing. In furtherance of these objectives, the Company, on February 6, 2006, entered into a debt financing arrangement for $150,000, and on April 5, 2006, the Company completed the sale of 1,000,000 shares of its restricted common stock for $50,000 plus options. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS

During the fourth quarter of 2005, management re-evaluated its accounting treatment for certain restricted stock issued for services and fees which occurred during 2004 and 2005. As a result of this review, management determined that the initial recordings of the transactions were incorrect and accordingly has chosen to restate the consolidated financial statements for the year ended December 31, 2004, as well as the interim reports for the quarter ended March 31, June 30, and September 30, 2005. In addition, management reclassified and netted all revenue and expenses related to discontinued operations and disclosed the net (loss) from discontinued operations as a separate line item and also segregated all assets and current liabilities relating to the discontinued operations for 2004 and 2005 and adjusted the balance sheets accordingly for the respective periods. Following is a summary of the restated financial statements:

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED FINANCIAL STATEMENTS
DECEMBER 31, 2004

	Previously Reported		Restatement Adjustment	Restated Total
Consolidated Balance Sheets:				
Total Assets	$ 1,217,891		$ 0	$ 1,217,891
Total Liabilities	(3,267,650)		0	(3,267,650)
Stockholders' (Deficit)	$ (2,049,759)		$ 0	$ (2,049,759)
Consolidated Results of Operations:				
Revenues	921,810	(2)	(850,693)	71,117
Expenses	3,660,892	(1)	1,421,025	3,665,482
		(2)	(1,416,435)	
Net (Loss) from Continuing Operations	(2,739,082)		(855,283)	(3,594,365)
Net (Loss) from Discontinued Operations	0		(565,742)	(565,742)
Net (Loss)	$ (2,739,082)		$ (1,421,025)	$ (4,160,107)

Net (Loss) per Common Share			
Basic and Diluted:			
Net (Loss) from Continuing Operations	$ (0.08)		$ (0.10)
Net (Loss) from Discontinued Operations	(0.00)		(0.02)
Total	$ (0.08)		$ (0.12)
Weighted Average Number of Common Shares Outstanding:			
Basic and Diluted	35,200,664		35,200,664

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005

	MARCH 31, 2005				JUNE 30, 2005		
	Previously Reported		Restatement Adjustment	Restated Total	Previously Reported		Restatement Adjustment
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 47,152	(4)	(9,730)	$ 37,422	$ 7,598	(4)	(1,791)
Accounts and Loans Receivable	78,985	(4)	(76,801)	2,184	20,653	(4)	(9,255)
Note Receivable	0		0	0	85,000	(4)	(85,000)
Inventory	0		0	0	0		0
Prepaid Expenses	28,622	(4)	(13,153)	15,469	17,983	(4)	(5,087)
Current Portion of Assets of Discontinued Operations	0	(4)	99,684	99,684	0	(4)	101,133

Total Current Assets	154,759		--	154,759	131,234		--	
Property, Plant and Equipment, Net	497,845	(4)	(82,386)	415,459	485,380	(4)	(69,826)	
Other Assets:								
Assets Held for Sale	100,258		0	100,258	0		0	
Deposits	101,296	(4)	(570)	100,726	199,439		0	
License, Net	75,935		0	75,935	71,435		0	
Goodwill	33,585		0	33,585	33,585		0	
Non-Current Portion of Assets of Discontinued Operations	0	(4)	82,956	82,956	0	(4)	69,826	
Total Other Assets	311,074		82,386	393,460	304,459		69,826	
Total Assets	$ 963,678		$ 0	$ 963,678	$ 921,073		$ 0	$

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005 (CONTINUED)

	SEPTEMBER 30, 2005			
	Previously Reported		Restatement Adjustment	Restated Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 61,147	(4)	(1,559)	$ 59,588
Accounts and				

Loans Receivable	87,675	(4)	(4,337)	83,338
Note Receivable	75,000	(4)	(75,000)	0
Inventory	214,247		0	214,247
Prepaid Expenses	28,290	(4)	(5,087)	23,203
Current Portion of Assets of Discontinued Operations	0	(4)	85,983	85,983
Total Current Assets	466,359		--	466,359
Property, Plant and Equipment, Net	507,732	(4)	(53,799)	453,933
Other Assets:				
Assets Held for Sale	0		0	0
Deposits	80,889		0	80,889
License, Net	70,036		0	70,036
Goodwill	387,035		0	387,035
Non-Current Portion of Assets of Discontinued Operations	0	(4)	53,799	53,799
Total Other Assets	537,960		53,799	591,739
Total Assets	$ 1,512,051		$ 0	$ 1,512,051

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005 (CONTINUED)

	MARCH 31, 2005					JUNE 30, 200		
	Previously Reported		Restatement Adjustment	Restated Total	Previously Reported		Restatement Adjustment
LIABILITIES AND STOCKHOLDERS' (DEFICIT)							
Current Liabilities:							
Current Maturities of Notes and Loans Payable	$ 222,434	(4)	(50,693)	$ 171,741	$ 171,741		$ 0
Deposit - Sale of Assets	4,891	(4)	(4,891)	0	0		0
Accounts Payable and Accrued Expenses	1,100,109	(4)	(257,330)	842,779	1,140,278	(4)	(188,791
Current Portion of Liabilities of Discontinued Operations	0	(4)	312,914	312,914	0	(4)	188,791
Total Current Liabilities	1,327,434		--	1,327,434	1,312,019		--
Long-Term Debt:							
Due to Related Parties	2,138,967		0	2,138,967	1,124,151		0
Notes & Loans Payable, less Current Maturities	8,136		--	8,136	6,610		--
Total Liabilities	3,474,537		--	3,474,537	2,442,780		--
Stockholders' (Deficit):							
Common Stock	3,815		0	3,815	4,600		0
Additional Paid-in Capital	1,619,706	(1)	1,421,025	3,090,731	2,900,172	(1)	1,421,025
		(3)	50,000			(3)	143,750
Accumulated Deficit	(4,134,380)	(1)	(1,421,025)	(5,605,405)	(4,426,479)	(1)	(1,421,025
		(3)	(50,000)			(3)	(143,750
Total Stockholders'							

(Deficit)	(2,510,859)	--	(2,510,859)	(1,521,707)	--
Total Liabilities and Stockholders' (Deficit)	$ 963,678	$ 0	$ 963,678	$ 921,073	$ 0

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ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005 (CONTINUED)

	SEPTEMBER 30, 2005			
	Previously Reported		Restatement Adjustment	Restated Total
LIABILITIES AND STOCKHOLDERS' (DEFICIT)				
Current Liabilities				
Current Maturities of Notes and Loans Payable	$ 194,523		$ 0	$ 194,523
Deposit - Sale of Assets	0		0	0
Accounts Payable and Accrued Expenses	1,308,057	(4)	(131,786)	1,176,271
Current Portion of Liabilities of Discontinued Operations	0	(4)	131,786	131,786
Total Current Liabilities	1,502,580		--	1,502,580
Long-Term Debt:				

Due to Related Parties	1,246,808	0	1,246,808
Notes & Loans Payable, less Current Maturities	4,640	--	4,640
Total Liabilities	2,754,028	--	2,754,028
Stockholders' (Deficit):			
Common Stock	5,160	0	5,160
Additional Paid-in Capital	3,728,908	(1) 1,421,025 (3) 208,648	5,358,581
Accumulated Deficit	(4,976,045)	(1) (1,421,025) (3) (208,648)	(6,605,718)
Total Stockholders' (Deficit)	(1,241,977)	--	(1,241,977)
Total Liabilities and Stockholders' (Deficit)	$ 1,512,051	$ 0	$ 1,512,051

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005 (CONTINUED)

	Three Months Ended March 31, 2005			Six Months En	
	Previously Reported	Restatement	Restated Total	Previously Reported	Resta

Revenues:	$ 0			$ 0	$ 8,889		
Expenses:							
Cost of Sales	0			0	2,504		
Operating Expenses	54,254			54,254	76,182		
Depreciation and Amortization	23,256			23,256	47,595		
Interest	30,335			30,335	62,815		
Officer's Salary	30,000			30,000	60,000		
Selling, General and Administration	222,194	(3)	50,000	272,194	454,784	(3)	1
Total Expenses	360,039		50,000	410,039	703,880		1
Net (Loss) from Continuing Operations	(360,039)		(50,000)	(410,039)	(694,991)		(1
Net (Loss) from Discontinued Operations	(129,061)		--	(129,061)	(86,208)		
Net (Loss)	$ (489,100)		$ (50,000)	$ (539,100)	$ (781,199)		$ (1
Net (Loss) Per Common Share, Basic and Diluted:							
Net (Loss) from Continuing Operations	$ (0.01)		$ --	$ (0.01)	$ (0.0)		$
Net (Loss) from Discontinued Operations	(0.00)		--	(0.00)	(0.00)		
Total	$ (0.01)		$ --	$ (0.01)	$ (0.02)		$
Net (Loss) Weighted Average Number of Common Shares Outstanding: Basic and Diluted	38,025,664		--	38,025,664	41,592,135		

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - SUMMARY OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF RESTATED INTERIM REPORTS - 2005 (CONTINUED)

	Nine Months Ended September 30, 2005			
	Previously Reported		Restatement	Restated Total
Revenues:	$ 94,933			$ 94,933
Expenses:				
Cost of Sales	54,006			54,006
Operating Expenses	130,526			130,526
Depreciation and Amortization	72,385			72,385
Interest	83,373			83,373
Officer's Salary	90,000			90,000
Selling, General and Administration	904,772	(3)	208,648	1,113,420
Total Expenses	1,335,062		208,648	1,543,710
Net (Loss) from Continuing Operations	(1,240,129)		(208,648)	(1,448,777)
Net (Loss) from Discontinued Operations	(90,636)			(90,636)
Net (Loss)	$ (1,330,765)		$ (208,648)	$ (1,539,413)
Net (Loss) Per Common Share, Basic and Diluted:				
Net (Loss) from Continuing Operations	$ (0.03)		$ --	$ (0.03)
Net (Loss) from Discontinued Operations	(0.00)		--	(0.00)
Total	$ (0.03)		$ --	$ (0.03)
Net (Loss) Weighted Average Number of Common Shares Outstanding: Basic and Diluted	44,750,375		--	44,750,375

(1) Adjustments to reflect revaluation of 2004 restricted stock issuances to market value instead of a discounted value in accordance with 2004 restated financial statements.

(2) Adjustments to reflect 2004 allocations to discontinued operations.

(3) Adjustments to reflect revaluation of 2005 restricted stock issuances to market value instead of a discounted value.

(4) Adjustments to reflect 2005 allocations of assets and liabilities of discontinued operations.

ECOLOCLEAN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at December 31, 2005 and December 31, 2004 is as follows:

	December 31, 2005	December 31, 2004	Estimated Economic Life
Land	$ 80,000	$ 80,000	N/A
Warehouse	34,120	34,120	40 Years
Electro Coagulation Units	66,594	239,237	5 Years
Machinery & Equipment	218,290	619,630	5 Years
Office Equipment	17,698	8,789	5 Years
Computers & Related Equipment	28,737	15,640	5 Years
Transportation Equipment	67,124	42,448	5 Years
Total	512,563	1,039,864	
Less Accumulated Depreciation	148,433	181,172	
Net Property, Plant & Equipment	$ 364,130	$ 858,692	

Depreciation expense for the years ended December 31, 2005 and December 31, 2004 amounted to $122,367 and $138,950 respectively.

NOTE 5 - LICENSE AND TRADEMARK COSTS

The Company acquired an industry exclusive, perpetual worldwide license to commercialize the inventions on patents and market, manufacture, sell, lease and, or utilize, for processing electrocoagulation units for the treatment of effluent water. Royalties are $3,000 per unit manufactured and 2% of gross processing revenues. License costs are being amortized over 5 years.

During 2005, the Company obtained the worldwide exclusive rights for the patented Coale Separator which supersedes a previously announced general revenue sharing agreement with the licensors.

The license agreement and a related consulting agreement require a $50,000 one-time license fee and the issuance of 50,000 shares of restricted common stock of Ecoloclean Industries, Inc. which was valued at $12,000 and issued in 2005 after approval in 2004.

Due to difficulties in establishing a viable marketing program for the Coale Separator during 2005, the Company's management in consultation with its professional advisors decided to treat the License costs as impaired and wrote off the unamortized costs of $49,600.

NOTE 5 - LICENSE AND TRADEMARK COSTS (CONTINUED)

The Company incurred trademark application costs of $3,505 regarding various product names for the Coale Separator.

A summary of license and trademark costs at December 31, 2005 and 2004 is as follows:

	December 31, 2005	December 31, 2004
License Costs Electro Coagulation Technology (Net)	$ 9,331	$ 14,929
License Costs - Coale Separator	0	62,000
Trademark Costs - Coale	3,505	3,505
	$ 12,836	$ 80,434

NOTE 6 - LONG-TERM DEBT

A summary of notes and loans payable at December 31, 2005 and 2004 are as follows:

	December 31, 2005	December 31, 2004
Note Payable, unsecured, 10% Interest Bearing, Maturing April 6, 2006 (Note Extended to October 6, 2006)	$ 150,000	$ 150,000
Loan Payable, Unsecured, Non-Interest Bearing Payable on Demand	15,195	15,108
Loan Payable, Unsecured, 7% Interest Bearing Payable on Demand	20,000	0

Notes Payable, Secured Interest Bearing Factoring Line of Credit (See Note Below)	0	89,252
Note Payable, Secured by a Truck, 14% Interest Bearing, Maturing July 22, 2007	9,661	15,762
Notes Payable, Secured by Autos and Equipment, Maturing between April 23, 2006, and November 9, 2011	18,799	0
	213,655	270,122
Less Current Maturities	198,161	260,461
Total Long-Term Debt	$ 15,494	$ 9,661

ECOLOCLEAN INDUSTRIES, INC.
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NOTE 7 - RELATED PARTY TRANSACTIONS

The Board of Directors has approved a salary for services provided. At December 31, 2005, the cumulative amount of unpaid officer's salary was $437,500 and is included in accounts payable and accrued expenses.

At December 31, 2005, cumulative advances bearing interest at 5% per annum due to officers of the Company amounted to $1,302,085 plus $181,490 accrued interest. The accrued interest is included in accounts payable and accrued expenses. The advances are due July 10, 2007, with the right of prepayment.

On September 5, 2005, the Company granted Royis Ward and Michael Ward options to purchase one million ($1,000,000) shares of the Company's restricted common stock at twenty ($.20) per share. The options are immediately exercisable and terminate on September 5, 2010.

NOTE 8 - INCOME TAXES

The Company files a consolidated federal income tax return. At December 31, 2005, the Company had a net operating loss carry forward of approximately $6,350,000 available to offset future federal taxable income through 2025. The components of the deferred tax assets and liabilities accounts at December 31, 2005, are as follows:

Total Deferred Tax Assets	$2,159,000

Less: Valuation Allowance	2,159,000
Deferred Tax Asset (Liability)	$ 0

NOTE 9 - LEASES

The Company's wholly-owned subsidiary, Aquatronics Industries, Inc., entered into a ten-year operating lease beginning October 1, 2004, for its business offices and laboratory workshop at an initial rent of $33,600 increasing to $45,400 after the first year.

Minimum future commitments under the operating leases are as follows:

Year Ending	Total
2006	$ 45,400
2007	45,400
2008	45,400
2009	45,400
2010	45,400
2011 - 2014	170,400
Total Minimum Lease Payments	$ 397,400

Rent expense for the years ended December 31, 2005 and 2004, was $18,000 and $0 respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Company is subject to the laws and regulations relating to the protection of the environment. The Company's policy is to accrue environmental and related cleanup costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the financial impact of the Company's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have material adverse effect on the consolidated financial condition or reported results of consolidated operations of the Company.

One of the Company's wholly-owned subsidiaries currently has a federal tax lien filed against it for unpaid federal withholding and social security taxes. The Company and the Internal Revenue Service have entered into an installment agreement which provides for a monthly payment by the Company of $5,000 until the debt is liquidated. As of this report date, the Company owed approximately $35,000 and was current under the provisions of the Installment Agreement.

NOTE 11 - COMMON STOCK TRANSACTIONS

On January 24, 2005, the Company issued 200,000 shares of its restricted common stock for 2005 investor public relations services valued at $66,000.

On January 24, 2005, the Company issued 50,000 shares of its restricted common stock valued at $12,000 in partial payment of obligations regarding the acquisition of the Coale Separator license.

On June 3, 2005, the Company issued 250,000 shares of its restricted common stock for consulting services valued at $75,000.

On June 22, 2005, the Company issued 250,000 shares of its restricted common stock for consulting services valued at $50,000.

On June 22, 2005, the Company issued 7,352,941 shares of its restricted common stock as payment for $1,250,000 of loans from the Company's President, Royis Ward.

On September 6, 2005, through September 9, 2005, the Company issued 2,020,000 shares of its restricted common stock for $404,000 less costs of $40,000.

On September 14, 2005, the Company issued 2,500,000 shares of its restricted common stock valued at $250,000 for 100% of the outstanding stock of Aquatronics Industries, Inc.

NOTE 11 - COMMON STOCK TRANSACTIONS (CONTINUED)

On September 16, 2005, the Company issued 425,000 shares of its restricted common stock valued at $108,375 to two recipients for consulting services.

On September 18, 2005, the Company issued 500,000 shares of its restricted common stock valued at $127,500 for consulting services.

On September 18, 2005, the Company issued 25,000 shares of its restricted common stock valued at $6,375 to an employee of a subsidiary as compensation.

As of September 30, 2005, the Company issued 126,480 shares of its restricted common stock valued at $37,944 for consulting services.

NOTE 12 - STOCK OPTIONS

The following table presents the activity for stock options for years ending December 31, 2005 and 2004.

	Stock Options	Weighted Average Exercise Price
Outstanding - December 31, 2003	0	--
Granted / Issued	0	--
Exercised	0	--
Outstanding - December 31, 2004	0	--
Granted / Issued	5,500,000	$ 0.20
Exercised / Converted	0	--
Outstanding - December 31, 2005	5,500,000	$ 0.20

All currently outstanding stock options have an expiration date of September 5, 2010.

The 2004 Non-Qualified Stock Grant and Option Plan has 4,800,000 shares remaining available for future issuance. The Plan was registered with the Securities and Exchange Commission on Form S-8 on July 23, 2004.

NOTE 13 - DISCONTINUED OPERATIONS

During the first and second quarters of 2005, Reliant Drilling Systems, Inc. (RDS), a wholly-owned subsidiary of the Company, which had been engaged in providing solids control services for oil and gas drillers and producers, began to sell certain of its equipment assets in order to implement its decision to no longer offer these services. For the year ended December 31, 2004, RDS had revenues of $781,025, with a reported lost of $280,091.

Sales of equipment recorded by RDS during 2005 were $301,562 with a resulting loss of $19,792.

Also, during the first quarter of 2005, Ecoloclean of Texas, Inc. (ECOT), a wholly-owned subsidiary of the Company which had been engaged in providing enviro cleanup services to industrial customers, sold certain of its equipment with a book value of $41,574, job materials and supplies and its customer contracts for $120,000 in order to implement its decision to no longer offer these services For the year ended December 31, 2004, this wholly-owned subsidiary had revenues of $132,668 with a reported of loss of $285,651.

On April 18, 2005, ECOT completed the transaction to sell its equipment assets and customer contract for $120,000, payable over a one-year period. The effective date of the transaction was April 1, 2005, and resulted in a gain of approximately $74,960.

As a result of the Company discontinuing the operations of RDS and ECOT, the consolidated financial statements and the related notes contained herein for the years ended December 31, 2005 and 2004, have been restated to reflect the financial position, results of operations and cash flows of RDS and ECOT as discontinued operations.

The following table sets forth, for the periods indicated, selected financial data of the Company's discontinued operations:

SELECTED FINANCIAL DATA FOR DISCONTINUED OPERATIONS

	For the Years Ended December 31, 2005	December 31, 2004
Revenue	$ 75,863	$ 850,693
Cost of Sales	49,065	583,056
Gross Profit	26,798	267,637
Expenses (Net of Gains and Losses on Sales of Assets)	132,297	833,379
(Loss) from Discontinued Operations	$ (105,499)	$ (565,742)

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NOTE 14 - ACQUISTION

On September 14, 2005, the Company completed the acquisition of 100% of the issued and outstanding stock of Aquatronics Industries, Inc. (Aquatronics), for 2.5 million shares of restricted common stock valued at $250,000. The closing agreement provided for an effective date of August 1, 2005. Aquatronics is located in Riverside, Rhode Island, and has eight employees. Aquatronics has provided effective solutions to a diverse base of commercial and industrial customers with remediation equipment and services for the removal of impurities and waste by-products for the past 20 years. Aquatronics' waste water treatment system equipment can be custom designed to remediate most liquid or solids waste management problem necessary to comply with state and federal mandates.

The Company's unaudited proforma statements of operations for the year ended December 31, 2005, gives effect to the acquisition of Aquatronics as if it had occurred on January 1, 2005. The columns headed Aquatronics Industries, Inc., in the table below give effect to the revenues and expenses related to the acquired company for the periods indicated and were not included in our historical financial statements. The purchase was accounted for by using the purchase method of accounting.

PROFORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Ecoloclean Industries, Inc. Year Ended December 31, 2005	Aquatronics Industries, Inc. Period From 01/01/05 to 07/31/05
Revenues	$ 11,945	$ 257,354
Cost of Goods Sold	4,000	178,720
Gross Profit	7,945	78,634
Operating Expenses	1,933,307	168,172
Net (Loss) from Continuing Operations	(1,925,362)	(89,538)
Net (Loss) from Discontinued Operations	(105,499)	--
Net (Loss) Total	$ (2,030,861)	$ (89,538)

	Aquatronics Industries, Inc. Period From 08/01/05 to 12/31/05	Consolidated Proforma Income (Loss) December 31, 2005
Revenues	$ 375,706	$ 645,005
Cost of Goods Sold	313,812	496,532
Gross Profit	61,894	148,473
Operating Expenses	203,837	2,305,316
Net (Loss) from Continuing Operations	(141,943)	(2,156,843)
Net (Loss) from Discontinued Operations	--	(105,499)
Net (Loss) Total	$ (141,943)	$ (2,262,342)

The total amount paid for "Aquatronics was $250,000 in restricted common stock. The goodwill recognized from the acquisition was $427,311, which is the difference between the purchase price and the net deficit of "Aquatronics" of $177,311 as of August 1, 2005.

ECOLOCLEAN INDUSTRIES, INC.
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NOTE 15 - SUBSEQUENT EVENTS

On March 23, 2006, the Company's wholly-owned subsidiary, Aquatronics Industries, Inc., acquired the "Bio-Catalytic" water purification patent rights, which acts as an adjunct to the active disciplines engaged in the production and installation of water remediation systems and also provides the Company with exclusive manufacturing rights.

Consideration includes $150,000 of which $15,000 was due at closing with the remaining $135,000 due at $15,000 per month beginning May 1, 2006, and a 5% royalty in addition to 3,000,000 shares of Ecoloclean Industries, Inc., restricted common stock of which 1,000,000 shares were due at closing with the remaining 2,000,000 shares due within one year.