

## **CLEAN TEQ CEO'S REPORT**

### **As at 31 December 2007**

It is with great pleasure that I present the first CEO's report for the newly listed Company, Clean TeQ Holdings Limited (ASX: CLQ) in relation to the half year ending 31 December 2007. This has been a period of significant change for the Company. Highlights during the period are discussed below.

#### **Performance**

The half year has seen continued expansion and development of our unique technology base. This is highlighted in the table.

	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>Percentage</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Gain</b>
Revenue	8,124	1,960	315%
EBITDA	2,064	563	267%
NPAT	1,564	412	280%

Clean TeQ generated free cash flow from its operating activities of \$2.325 million for the period under review. This is an increase of 484% compared to the previous corresponding period. A significant portion of the free cash flow is being reinvested in the business by way of further research and development for mining and water applications, and the recruitment of a number of new staff members to support the stronger level of operational activity. This investment will continue to drive growth for the business over the foreseeable future.

With this strong growth, we believe that the company is well positioned to meet its prospectus forecasts for the financial year ending 30 June 2008.

## **Our Divisions**

- **Air Purification**

Sales in the Air Purification Division are in line with the prospectus forecasts. This business unit continues to experience strong year on year growth as businesses continue to incorporate environmental improvement as a core business attribute. We are well positioned to take advantage of this growing trend and continue to have a significant pipeline of business opportunities.

- **Resource Recovery**

The Resource Recovery Division is also on track to meet its prospectus forecasts. This divisions' performance for the period has met our expectations, and we are currently in the process of expanding the use of our Clean-iX® technology for a number of resource recovery solutions.

- **Water Purification**

The Water Purification Division has developed a solid portfolio of products. It has recently entered into a significant contract for the supply of a Membrane Water Treatment Plant with revenue to be recognised during the second half of this financial year. Commercialisation of the Clean-iX® technology for water treatment / recycling is continuing with a review of the technology being conducted by Worley Parsons. The Worley Parsons Report confirms that our technology has a substantially lower capital cost to install, delivers higher yields and operates at similar costs compared with traditional water treatment plants. A copy of this report is available on our website at [www.cleanteq.com](http://www.cleanteq.com).

## **Corporate Restructure**

During the period the company was successfully floated on the Australian Stock Exchange and the Board of Clean TeQ Holdings Limited was established. Ralph Pliner has become Chairman of the Company while Barry Lewin has joined the board as a non-executive director. Both of these directors have begun to make a positive contribution to the ongoing growth and success of the Company. In addition, Marc Lichtenstein has

joined the company as Chief Financial Officer and Company Secretary. He is working closely with the Board to ensure that our corporate governance and financial management is of a high level.

The Directors and I would like to thank all employees for the wonderful efforts that they have put in over the six month period. They have ensured that the Company continues to experience strong revenue and profit growth. Furthermore, I would like to express my appreciation to my fellow Board members for their contributions over the period.

Finally, the first half of this financial year has provided Clean TeQ Holdings Limited with a sound financial platform which places the company in a good position to ensure that we continue to grow strongly.

Yours faithfully



Greg Toll  
Chief Executive Officer