



**Clean TeQ Holdings Limited**

ACN 127 457 916

Half Year Report – December 2007





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# Overview

- Clean TeQ is a mining services and environmental solutions company
- Clean TeQ is on track at 31 December 2007 to meet its prospectus targets
- Forecast to generate revenue of \$15.435m and NPAT of \$2.856m in FY08



# Overview

## Established strongly growing and profitable business

- Australian environmental and mining services company servicing high growth markets in:
  - Air Purification
  - Resource Recovery
  - Water Purification
- Long and successful track record with significant municipal/statutory and corporate customers
- Operating since 1990, with average year on year growth of 22% over the 2002 to 2007 financial years
- Ongoing significant investment in R&D since inception
- Major licensing deal with BHPB/CVRD
- Listed on 9 November 2007

# Overview

## Established strongly growing and profitable business

- Clean TeQ is now a public company with no debt and \$5.835 million in cash reserves
- The operations of the company are cash flow positive
- The company remains on track to meet both FY2008 revenue and profit forecasts
- The company has both an existing and future pipeline of blue chip customers
- Clean TeQ continues to invest in:
  - People
  - Skills
  - Systems
  - Research & Development

# Business Operations

## Background

### Clean TeQ

- Operates in 3 Divisions

#### Air Purification

- Core business since 1990
- Air purification and odour elimination solutions to municipal customers and industrial companies

#### Resource Recovery

- Clean-iX technology separates and concentrates resources including base metals, precious metals, radioactive metals and rare earths
- The technology utilises specially developed complementary Resins and processes to extract higher yields of valuable resource from ore at lower cost

#### Water Purification

- Clean-iX technology purifies and recycles secondary treated wastewater to high quality industrial water
- Licenses complementary water purification technologies

# Business Operations

## Background

### Clean TeQ

- Resin Technology

#### Base Resin

- Base Resin is a small plastic bead around 1 mm in diameter



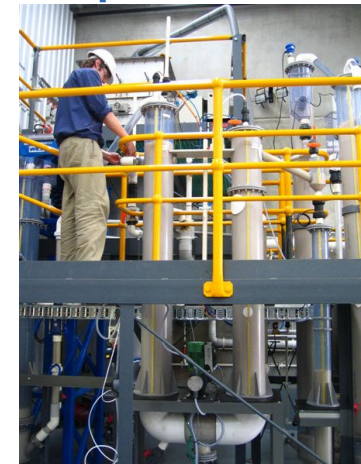
#### Ion Exchange Resin

- Base Resins are functionalised to produce ion exchange Resin that can extract metals and other compounds of interest



#### Clean-iX Process

- Resins are used in specially designed equipment to perform metal extraction and purification and water purification



# Business Operations

## Revenue Sources

### Clean TeQ

#### Air Purification

- Revenue derived from design, construction, installation and commissioning of projects



#### Resource Recovery

- Generates revenue from three sources:
  - Sale of technology licences
  - Design and construction of Clean-iX Processing Plants
  - Resin sales

#### Water Purification

- Revenue from design, construction and installation of water, wastewater treatment and recycling technologies



# Business Operations

## Air Purification

### Clean-TeQ Technology Advantages

- Suite of technologies to provide total solution
- Lower environmental burden



### Products & Target Markets in Air Treatment

- Biological Filters for odour, organics and toxics
- Regenerative Thermal Oxidisers for odour, organics and toxics
- Fluid Bed Scrubbers for particles and inorganic gases
- Activated Carbon Adsorbers for odour, organics and toxics



# Business Operations

## Resource Recovery

### Clean-iX Advantages

- Higher recovery rates
- Lower capital investment and operating costs
- Reduced environmental impact

### Products & Target Markets in Metal Extraction & Purification

- Clean-iX Gold cRIP (continuous resin-in-pulp) for precious metals such as gold, silver & platinum
- Clean-iX Uranium cRIP for uranium extraction and purification
- Clean-iX Nickel cRIP for nickel and cobalt extraction and purification
- Clean-iX REE cRIP for rare earth elements



# Business Operations

## Resource Recovery

- Sold exclusive rights for Nickel and Cobalt extraction to BHP Billiton and CVRD
- Retains rights for application of Clean-iX for all other uses
- Constructing pilot plant for BHP Billiton for Nickel extraction
- This division is positioned for rapid growth, with a number of new opportunities in discussion



# Business Operations

## Water Purification

### Clean-iX Advantages

- **Multidimensional - filters and purifies water**
- **Does not biofoul or become clogged with particles**
- **Low power requirements**
- **Recovers more water than conventional membrane filter technology**

### Products & Target Markets in Water Treatment

- **Clean-iX Water for treatment of secondary effluent to industrial quality water for boilers and cooling towers**
- **Clean-iX MR (metal recovery) for treatment of metal containing waters to recover metals and recycle rinse water**

# Business Operations

## Water Purification

- Commissioned a Pilot Plant in conjunction with Water Corp WA to demonstrate Clean-iX technology for the conversion of secondary treated effluent to high quality industrial water
- The performance of the Pilot Plant has been reviewed by Worley Parsons, indicating lower capital costs, higher yield and similar operating costs to alternative solutions
- Details of the Worley Parsons Report can be found at [www.cleanteq.com](http://www.cleanteq.com)
- Entered into a contract to design and construct a Membrane Water Treatment Plant in Queensland



# Financial Performance

	1H08a \$m	1H07a \$m	Growth	FY07a \$m	FY08f \$m
<b>Revenue</b>	<b>8.124</b>	<b>1.960</b>	<b>315%</b>	<b>7.000</b>	<b>15.435</b>
<b>EBITDA</b>	<b>2.064</b>	<b>0.563</b>	<b>267%</b>	<b>3.206</b>	<b>4.209</b>
<b>EBIT</b>	<b>1.645</b>	<b>0.356</b>	<b>362%</b>	<b>1.941</b>	<b>3.188</b>
<b>NPAT</b>	<b>1.564</b>	<b>0.412</b>	<b>280%</b>	<b>1.898</b>	<b>2.856</b>

- Significant growth compared to 1H07 with all 3 Divisions on track for year end forecasts
- Approximately 90% of FY08 forecast revenue is contracted

# Financial Performance

\$'000	Actual Year Ended 30 June 2007	Actual Half Year Ended 31 Dec 2007	Forecast Year Ending 30 June 2008	Growth Year on Year
<b>Revenue</b>	<b>7,000</b>	<b>8,124</b>	<b>15,435</b>	<b>121%</b>
<b>Gross Profit</b>	<b>5,262</b>	<b>3,581</b>	<b>7,595</b>	<b>44%</b>
<b>EBITDA</b>	<b>3,206</b>	<b>2,064</b>	<b>4,209</b>	<b>31%</b>
<b>EBIT</b>	<b>1,941</b>	<b>1,645</b>	<b>3,188</b>	<b>64%</b>
<b>Net Profit After Tax</b>	<b>1,898</b>	<b>1,564</b>	<b>2,856</b>	<b>51%</b>

- On target to meet 2008 financial year forecasts
- First half revenue already exceeds full year 2007

# Financial Performance

The Company has a strong Balance Sheet

<b>\$m</b>	<b>Actual 31 Dec 2007</b>	<b>Actual 30 June 2007</b>
<b>Cash</b>	<b>5.8</b>	<b>1.1</b>
<b>Other Current Assets</b>	<b>2.7</b>	<b>1.5</b>
<b>Non Current Assets</b>	<b>6.1</b>	<b>5.7</b>
<b>Total Assets</b>	<b>14.6</b>	<b>8.3</b>
<b>Current Liabilities</b>	<b>2.8</b>	<b>2.1</b>
<b>Non Current Liabilities</b>	<b>0.1</b>	<b>0.0</b>
<b>Equity</b>	<b>11.7</b>	<b>6.2</b>

The Company generates significant positive cash flows from operations



# Cash Flow

\$m	Actual 31 Dec 2007	Actual 31 Dec 2006
Operating cash flow	2.3	0.4
Investing cash flow	(0.8)	(0.6)
Financing cash flow	3.2	0.3
Net cash flow for the period	4.7	0.1

- The Company continues to generate free cash flow from its operations
- Cash from operations are expected to grow in future periods
- Investment in R&D will continue in future periods which will lead to increased positive cash flows from operations



# Competitive Advantage

## Why is Clean TeQ successful?

- Long established
- Servicing high growth markets
- Profitable and cash flow positive
- No debt
- Suite of owned technologies in air, resources and water applications
- On track in each division to achieve forecasts
- Blue chip customer base
- Ongoing investment in people, skills, systems and R&D

# Our People

- Growing professional staff numbers from 19 to 26 since 30 June 2007 with additional professional staff currently being recruited to cater for the increased operational activity
- 2 experienced non-executive directors joined the board
- Low staff turnover with no movement in the current year to date
- Staff alignment with equity participation through options
- Training in key deliverables:
  - Management
  - Project Management
  - OH&S
  - Technical software

# Research & Development

- Ongoing investment in research and development with an average of 22% of revenue invested over a 6 year period, which has led to increased ongoing profits and free cash flows
- Maintain a R&D philosophy where our R&D must add value to our business and our customers with a high level of sustainability
- All new technology developed by Clean TeQ is owned by the Company with the potential to deliver increased margins in the future
- R&D allows us to deliver a range of technologies that can provide a superior solution to our customers
- Currently investing in air, water, gold and uranium technologies



# Conclusion

- Clean TeQ is on track to meet our Prospectus forecasts
- We will continue to invest in research and development.
- The Company has no debt and will continue to generate free cash flows from operations
- We will continue to invest in our people
- The Board expect to be in a position to commence paying dividends in the 2009 financial year



Questions?