



**CLEAN TEQ HOLDINGS LIMITED**

**ABN 34 127 457 916**

**AND ITS CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

This half-year financial report is to be read in conjunction  
with the financial report for the year ended 30 June 2009.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
FINANCIAL REPORT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

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## **CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT**

The directors present their report together with the condensed financial report of the consolidated entity consisting of Clean TeQ Holdings Limited and the entities it controlled, for the half-year ended 31 December 2009 and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

### **Directors Names**

The names of the directors in office at any time during or since the end of the half-year are:

<b>Name</b>	<b>Period of directorship</b>
Ralph Pliner (Chairperson)	Director since 24 September 2007
Greg Toll	Director since 10 September 2007
Jeremy Carter	Director since 10 September 2007
Barry Lewin	Director since 24 September 2007
Peter Voigt	Director since 10 September 2007

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

### **Review of Operations**

The consolidated profit of the group for the half-year after providing for income tax amounted to \$733,398

During the half year ended 31 December 2009 all three Divisions of the Company continued to win new contracts and fulfil existing contracts. At 31 December 2009 the Company continues to have an active pipeline of new opportunities.

During the half year ended 31 December 2009 the Company won a number of new projects in the Air Purification Division and is on track to significantly exceed its 2009 revenues in this Division for the year ending 30 June 2010. At the end of the current reporting period this Division has generated revenue of \$5,917,213 compared to revenue of \$6,087,000 for the entire 30 June 2009 financial year.

During the period the Mining Division has continued to experience a significant number of new enquiries for the use of its Clean-iX® Resin technology in the mining industry for various uranium and gold projects. This Division was awarded uranium, gold and base metals preliminary design studies during the period by major mining clients, which may lead to significant projects in this financial year. For example, following a gold design study undertaken during the period, this Division has been awarded a contract by Barrick Gold for the design and supply of a Clean-iX® Resin-in-Leach Demonstration Plant at one of their operating mines in the USA.

With effect from 1 July 2009, the Company acquired all of the shares of UV-Guard Australia Pty Ltd ("UV-Guard"). UV-Guard now forms part of the Water Division. UV-Guard is an Australian company that specialises in the design, sale and distribution of ultra violet disinfection products that are used in the water and wastewater industries. The performance of UV-Guard during the period has been profitable and ahead of budget.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Currently, each of Clean TeQ Holdings Limited Divisions' (Air, Water and Mining) are at different stages of their development and growth phases. Timing of receipts from customers impacts on net operating cash flows as payments are made when contract milestones are achieved. Accordingly, some periods may generate negative cash flow from operations whilst other periods will produce strong cash flows. At 31 December 2009 the Company had a cash balance of \$2,890,158 and no material debt.

**Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2009.

**Rounding of amounts to nearest thousand dollars**

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:



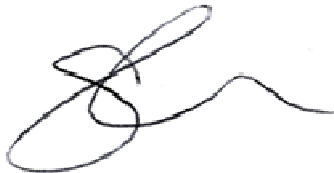
**Greg Toll**  
Director

Dated this 18<sup>th</sup> day of February 2010.

**AUDITOR'S INDEPENDENCE DECLARATION****To the Directors of Clean TeQ Holdings Limited.**

In relation to the half-year independent auditor's review for the six months to 31 December 2009, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.



**S D WHITCHURCH**  
Partner



**PITCHER PARTNERS**  
Melbourne

Dated 18<sup>th</sup> day of February 2010.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Half-year</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue		
Sales revenue	8,161	3,292
Other revenues	173	252
	8,334	3,544
Changes in inventories of finished goods and work in progress	(2,106)	135
Raw materials and consumables	7,108	1,341
Employee benefits expenses	1,513	1,264
Depreciation and amortisation expenses	245	220
Administration expenses	251	183
Finance costs	7	1
Other expenses	342	208
	7,360	3,352
<b>Profit before income tax expense</b>	974	192
Income tax benefit / (Income tax expense)	(241)	33
<b>Profit for the half-year</b>	733	225
<b>Profit attributable to the members of the parent</b>	733	225
<b>Earnings per share</b>		
Basic (Cents per share)	1.29	0.40
Diluted (Cents per share)	1.21	0.38

The accompanying notes form part of these financial statements.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2009**

	Note	31 December 2009 \$'000	30 June 2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,890	5,196
Trade and other receivables		1,623	1,539
Inventories	13	3,681	1,575
<b>TOTAL CURRENT ASSETS</b>		<u>8,194</u>	<u>8,310</u>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		1,428	1,321
Plant and equipment		261	219
Intangible assets		10,552	8,925
<b>TOTAL NON-CURRENT ASSETS</b>		<u>12,241</u>	<u>10,465</u>
<b>TOTAL ASSETS</b>		<u>20,435</u>	<u>18,775</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,086	2,280
Loans and borrowings		21	14
Current tax payable		66	-
Employee benefits		229	249
Other liabilities		608	1,024
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,010</u>	<u>3,567</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		72	32
Deferred tax liabilities		2,853	2,508
Employee benefits		21	57
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,946</u>	<u>2,597</u>
<b>TOTAL LIABILITIES</b>		<u>6,956</u>	<u>6,164</u>
<b>NET ASSETS</b>		<u>13,479</u>	<u>12,611</u>
<b>EQUITY</b>			
Share capital		7,623	7,502
Retained earnings		5,655	4,922
Share option reserve		201	187
<b>TOTAL EQUITY</b>		<u>13,479</u>	<u>12,611</u>

The accompanying notes form part of these financial statements.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance as at 1 July 2008</b>	7,488	126	4,411	12,025
Profit for the half year	-	-	225	225
<b>Total comprehensive income for the half-year</b>	-	-	225	225
<b>Transactions with equity holders in their capacity as equity holders</b>				
Employee share options	-	38	-	38
Contributions of equity via shares issued	14	-	-	14
<b>Total transactions with equity holders in their capacity as equity holders</b>	14	38	-	52
<b>Total Equity at 31 December 2008</b>	7,502	164	4,636	12,302
<b>Balance as at 1 July 2009</b>	7,502	187	4,922	12,611
Profit for the half year	-	-	733	733
<b>Total comprehensive income for the half-year</b>	-	-	733	733
<b>Transactions with equity holders in their capacity as equity holders</b>				
Employee share options	-	14	-	14
Contributions of equity via shares issued	121	-	-	121
<b>Total transactions with equity holders in their capacity as equity holders</b>	121	14	-	135
<b>Total Equity at 31 December 2009</b>	7,623	201	5,655	13,479

The accompanying notes form part of these financial statements.



**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Half-year</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,787	3,027
Payments to suppliers and employees	(7,453)	(3,003)
Interest received	59	210
Income taxes refunded	19	-
Borrowing costs paid	(6)	(1)
<b>Net cash (used in)/provided by operating activities</b>	<u>(594)</u>	<u>233</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(95)	(23)
Proceeds from sale of plant and equipment	15	-
Payment for other non current assets	(52)	(33)
Payment for subsidiaries net of cash acquired	(255)	-
Development expenditure acquired	(1,371)	(1,360)
<b>Net cash used in investing activities</b>	<u>(1,758)</u>	<u>(1,416)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of finance lease	(2)	(2)
Receipt from/(payment of) hire purchase liabilities	48	(4)
<b>Net cash (used in)/provided by financing activities</b>	<u>46</u>	<u>(6)</u>
<b>Net decrease in cash and cash equivalents held</b>	(2,306)	(1,189)
Cash at beginning of financial year	<u>5,196</u>	<u>6,544</u>
<b>Cash at end of the reporting period</b>	<u><u>2,890</u></u>	<u><u>5,355</u></u>

The accompanying notes form part of these financial statements.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 1: REPORTING ENTITY**

Clean TeQ Holdings Limited (the “Company”) is a company domiciled in Australia. The condensed consolidated financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the “consolidated entity”).

**NOTE 2: BASIS OF PREPARATION**

The condensed consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reports* and the Corporations Act 2001.

The condensed consolidated financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 and any public announcements made by Clean TeQ Holdings Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

This condensed consolidated financial report was approved by the Board of Directors on 17 February 2010.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

Due to new or revised accounting standards which became operative for the annual reporting period commencing 1 July 2009, Clean TeQ Holdings Limited had to change some of its accounting policies as described below.

All other accounting policies applied by the consolidated entity in this condensed consolidated financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009.

**(a) Business Combinations**

The changes in revised AASB 3 Business Combinations were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of UV-Guard Australia Pty Ltd as disclosed in Note 8.

Contingent consideration of \$100,000 that would not previously have been recorded at the date of acquisition, was now recognised at fair value at 1 July 2009. Transaction costs incurred for the amount of \$13,156 in connection with the acquisition of UV-Guard Australia Pty Ltd such as legal fees and other professional fees were recognised as an expense in the statement of comprehensive income. Previously, transaction costs were recognised as part of the cost of acquisition and therefore included in goodwill.

**(b) Segment Reporting**

The Group has applied revised AASB 8 Operating Segments as of 1 July 2009. Operating segments are now reported based on internal reporting provided to the Chief Executive Officer, who is the Group’s chief operating decision maker. Segment reporting on the basis required under AASB 8 is consistent with the Group’s previous reporting of primary segments.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 4: ESTIMATES**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

**NOTE 5: COMPARATIVE INFORMATION**

The Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows provide comparative information for the half-year ended 31 December 2008. The Statement of Financial Position provides comparative information as at 30 June 2009.

**NOTE 6: SUBSEQUENT EVENTS**

There have been no material subsequent events since the end of the half-year that require disclosure in the half-year financial statements.

**NOTE 7: SEGMENT INFORMATION**

Segment information is presented in the condensed consolidated financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

**Business segments**

The consolidated entity comprises of the following main business segments:

- **Air Purification**

This has been the core business of the Company since 1990. Clean TeQ provides biological and energy efficient air purification and odour elimination solutions to municipal and statutory authorities and industrial companies.

- **Water Purification**

Clean TeQ is currently offering and further developing a suite of technologies for use in the purification and recycling of waste water and the desalination of brackish water to produce high quality industrial water. Furthermore, UV-Guard Australia Pty Ltd, a wholly owned Australian subsidiary, specialises in the design, sale and distribution of ultra violet disinfection products that are used in the water and wastewater industries.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

- **Mining**

Through its Clean-iX® Technology the Company aims to provide cost effective extraction techniques which are intended to enable a higher recovery rate of valuable ores, while having less environmental impact. This technology utilises an ion exchange process together with specially designed equipment and resin which can be used in the extraction process of a range of resources, including base metals, precious metals and radioactive elements (such as uranium).

**Geographical segments**

Geographically, the group operates predominately in Australia.

	<b>Half-Year to 31 December 2009 \$'000</b>	<b>Half-Year to 31 December 2008 \$'000</b>
<b>Segment Revenue</b>		
Air Purification	5,917	1,914
Water Purification	1,357	392
Mining	887	986
Unallocated	173	252
	8,334	3,544
Inter-segmental revenues	-	-
Total Revenue	8,334	3,544
<b>Segment Results</b>		
Air Purification	1,627	686
Water Purification	727	153
Mining	810	978
Unallocated	(2,190)	(1,625)
	974	192
Income tax benefit / (Income tax expense)	(241)	33
Profit for the period	733	225

The magnitude of the unallocated portion of the segment results is a result of the Group incurring a significant amount of expenses that can not be directly attributable on a reasonable basis to any one segment.

**NOTE 8: ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the period under review the Company has entered into an agreement with UV-Guard Australia Pty Ltd (“UV-Guard”) to acquire all of the shares in this Company. The acquisition has been settled by the issue of 333,890 Clean TeQ ordinary shares at an issue price of \$0.2995 per share and \$350,000 paid in cash.

The Company has agreed to pay the acquiree additional consideration of approximately \$100,000 in each of the next two financial years if the acquiree’s gross profits exceeds a predetermined level. Based on the performance of UV-Guard to date, the first instalment of the additional consideration is expected to become payable and thus has been included in the consideration at the acquisition date. In light of the uncertainty in the future performance of

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

UV-Guard there is no certainty that at the acquisition date the second instalment of the additional consideration will become payable and therefore no amount has been included as additional consideration at the acquisition date.

UV-Guard is a Sydney based Australian company that specialises in the design, sale and distribution of ultra violet disinfection products that are used in the water and wastewater industries. The goodwill from the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the acquiree into the Group's existing water business.

**Acquisitions**

Name	Date acquired	Consolidated entity's interest	Consideration \$'000	Contribution to consolidated net profit/(loss) 2009 \$'000
UV-Guard Australia Pty Ltd	1 July 2009	100%	\$550	\$270

**Effect of Acquisitions**

The following is the fair value of the net assets of UV-Guard acquired by Clean TeQ in accordance with AASB 3; Business Combinations:

	Fair Values 2009 \$'000
Property plant & equipment	4
Inventories	230
Trade and other receivables	222
Cash and cash equivalents	95
Deferred tax assets	4
Trade and other payables	(256)
Provisions	(66)
Deferred Income	(10)
Loans and borrowings	(78)
Net identifiable assets and liabilities	<u>145</u>
Goodwill on acquisition	<u>405</u>
	<u>550</u>
Consideration paid in cash	350
Consideration paid via share issue	100
Contingent consideration (2010)	<u>100</u>
Total acquisition cost	<u>550</u>

Fair values and the carrying amount of all the assets and liabilities acquired during the period are identical.

During the previous period under review no entities were acquired by the consolidated group.

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**Disposals**

No entities within the consolidated group were disposed of during the half-years ended 31 December 2009 and 31 December 2008.

**NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS**

In accordance with the requirements of the Share Purchase Agreement for the purchase of UV-Guard Australia Pty Ltd, Clean TeQ has agreed to pay the acquiree additional consideration of approximately \$100,000 in each of the next two financial years if the acquiree's gross profits exceeds a predetermined level. Based on the performance of UV-Guard to date, the first instalment of the additional consideration is expected to become payable and thus has been included in the consideration at the acquisition date. The requirement for the payment of the second instalment remains uncertain at the date of the completion of the financial report.

There are no other additional contingent liabilities or material commitments other than those disclosed in the financial report for the year ended 30 June 2009.

**NOTE 10: LOANS AND BORROWINGS**

There were no loans and borrowings issued and or repaid during the six months ended 31 December 2009 and 31 December 2008.

At 31 December 2009 the Company has \$1,676,000 (2008: \$1,000,000) of various debt facilities with its principle banker. An amount of \$1,676,000 (2008:\$1,000,000) is maintained on an interest bearing deposit as security for this facility which is classified as deposits on call. At balance date an amount of \$1,333,663 (2008: \$973,743) was provided as guarantees for work in progress as at 31 December 2009. The balance being \$342,337 (2008: \$26,257) of this facility remained unused at the end of the period. This same facility was in place for the period ending 31 December 2008.

At 31 December 2009 the Company has approved finance lease facilities of \$100,000 (2008:\$100,000) in place for equipment leases. An amount of \$92,469 was drawn down under this facility at 31 December 2009 (2008 \$17,835).

There were no other loans and borrowings in the current or prior interim periods.

**NOTE 11: RELATED PARTIES**

**Ultimate parent and its subsidiaries**

During the current and previous reporting periods Clean TeQ Holdings continued as the ultimate parent entity of the group.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments (see note 12 for issues of options under the share option program).

**CLEAN TEQ HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Mr Barry Lewin is the founder and Managing Director of SLM Corporate. During the period, SLM Corporate has provided advisory services on an arms length basis. Total fees paid during the period to SLM Corporate whilst Mr Barry Lewin has been a Director of the Company are as follows:

Period ended 31 December 2009:	\$10,000
Period ended 31 December 2008:	\$15,000

**NOTE 12: ISSUE OF EQUITY SECURITIES**

The Group has a share option programme that entitles Directors, key management personnel and all employees to purchase shares in the entity. The terms and conditions of the share option program are disclosed in the consolidated financial report as at and for the year ended 30 June 2009. During the half-year ending 31 December 2008 a further grant of 315,000 options on similar terms was made to some key and new personnel. During the current period under review no further options were granted to key or new personnel. During the current period 96,000 (2008: 171,000) options lapsed as a result of employees terminating their employment with the Company. An amount of \$14,000 (2008: \$38,000) was recognised as a share based payment expense during the period ended 31 December 2009.

The fair value and recognised value of share options and assumptions for the six months ended 31 December 2009 are identical. The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

On 7 September 2009 each employee that had completed 12 months of service with the Company was issued with \$1,000 Clean TeQ Holdings Limited shares in accordance with the Employee Share Plan. This equated to the issue of 3,135 (2008: 3,058) shares per person. A total of 21 employees (2008: 14 employees) satisfied the 12 month continuous service employment condition and thus were issued with the Company's shares. The Employee Share Plan was also in operation in the corresponding previous period.

Refer to Note 8 for the issue of ordinary shares in accordance with the UV-Guard Australia Pty Ltd acquisition.

**NOTE 13: INVENTORY**

	<b>31 December 2009</b>	<b>30 June 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials at net realisable value	396	390
Work in progress at cost	2,704	1,107
Finished goods at cost	581	78
	<u>3,681</u>	<u>1,575</u>

**DIRECTORS' DECLARATION**

In the opinion of the directors of Clean TeQ Holdings Limited ("the Company"):

1. the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the directors.



**Greg Toll**  
Director

Date at Melbourne this 18<sup>th</sup> day of February 2010.





## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CLEAN TEQ HOLDINGS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Clean TeQ Holdings Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Clean TeQ Holdings Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Clean TeQ Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
CLEAN TEQ HOLDINGS LIMITED**

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**S D WHITCHURCH**  
Partner

Date: 18 February 2010

**PITCHER PARTNERS**  
Melbourne