



ASX Code: **PHK**

Share Price: **A\$0.25**

52 Week High: **A\$0.30**

52 Week Low: **A\$0.068**

Issued Shares: **480.3m**

Market Cap: **A\$120M**

Address:

Suite 403
25 Lime Street
Sydney NSW 2000

Phone: +61 2 8014 7611

Email: enquiries@phoslock.com.au

www.phoslock.com.au

www.phoslock.eu

www.phoslock.com.br

www.phoslock.cn

PHK BLOG on Water Issues:

www.phoslock.com.au

ASX ANNOUNCEMENT

Monday 29th January, 2018

Business Progress

Key Points:

- Sales of \$6.2m for six months to 31 December, 2017 - 325% increase pcp
- Maiden profit for the six months, to be announced when audited accounts released
- Company is debt free, \$7m in bank plus \$6m debtors and inventories
- Work in progress expanding strongly globally

CHINA

China maiden half yearly sales were \$3.5m. Work commenced on the Group's largest project to date, a large inner city canal. The first stage is valued at over \$5.0m. Some 40% has been completed to date with the balance to be completed by June this year.

The Beijing office is now fully operational, with over 20 professional employees. Several large engineering projects are close to contractual formalisation, with the first contract expected to be signed in the current quarter. In total, current engineering projects being worked on are valued in excess of \$15m.

Changxing Factory

The new multi-purpose manufacturing facility in Changxing, Zhejiang Province has been operational for four months. The current capacity can produce at an annualised production rate of 15,000tpa.

A video of the factory can be viewed at www.phoslock.com.au

The manufacturing facility is completely 'green'; water is treated on site and re-circulated. The plant produces no air pollution.

Production for the December quarter was close to 2,000 tons, with shipments to China, Brazil, Canada, Poland, Australia and United States. Other products, such as zeolites and bacterial agents, are also produced at the factory.

Extensive R&D work is being conducted in the factory. A major focus is on new water treatment products, and combination of products, to be used in flowing water such as rivers and canals. This is expected to become a major source of future revenue.

INTERNATIONAL BUSINESS

Sales for the International Materials Business for the six months to December 2017 were a record, at \$2.8m (a 45% increase over pcp).

During the December quarter a PWS consortium was awarded a \$1.2 million project for the treatment of Lake Goldap, a large, natural lake in North Eastern **Poland**. Only the Polish part of the lake is being treated. The first part of the application took place in December and the remainder is scheduled to take place in March-April 2018.



Aerial view from drone of application to Lake Goldap in Poland

The Group also completed the largest ever application to a lake in North America; Lac Bromont in Quebec, **Canada** was treated with 174 tonnes of Phoslock. The Phoslock application followed ten years of monitoring and subsequent recommendation by the University of Quebec.



Application of Phoslock to Lac Bromont, Quebec, Canada

North American sales were boosted during the quarter by additional orders from, SePRO Corporation, the **US** licensee. SePRO is also working on several new large projects.

Brazil licensee, Hidroscience, has achieved additional orders totalling some \$500,000. The Lake Pampulha project is now nearing completion having used approximately 1,000 tonnes to date. A new order has been received to treat an urban lake in the City of Salvador. A follow up treatment has been completed for a drinking water reservoir in Northern Brazil and negotiations are underway with several other Brazilian water companies.

FINANCIAL COMMENTARY

Cash receipts for the December quarter were \$2.3m (up 110% from the September 2017 quarter).

Cash receipts for the six months to 31 December, 2017 were \$3.4m. (\$1.1m in the previous quarter). Sales for the six months for the PWS Group were \$6.2m. Debtors as 31 December, 2017 were approx. \$4.5m. A large portion of the debtors were from our Chinese business where payment terms are typically 90 to 120 days.

Cash costs for the December 2017 quarter, excluding inventory purchases, interest and R&D, were \$1.5m (\$1.2m in September 2017 quarter). The increase is mainly from our Chinese operations, particularly the Changxing factory and Beijing contracting and implementation.

Product and raw material purchases for the quarter were constant at \$1.3m, against the previous quarter.

During the December quarter, PWS received \$5.5m in new capital from the Share Purchase Plan, the last payments under the September Placement and exercise of employee incentive options.

The December 2017 Half Year financial accounts are expected to be lodged by Friday 23 February 2018. The company is currently forecasting Group Sales of \$6.2m and the Company will announce its maiden profit once audited.

As at 31 December 2017, PWS was debt free, had cash on hand of \$7.1m and receivables/debtors and inventories of approx. \$6.0m

Mr Laurence Freedman AM
Chairman

Mr Robert Schuitema
Managing Director

For more information please contact:

Mr Laurence Freedman AM – Chairman; Phone: + 61 (02) 8999 1999

Mr Robert Schuitema – Managing Director; Phone: +61 (02) 8014 7611

Mr Michael Kotowicz – Investor Relations
Wentworth Place Group
Phone: + 61 (02) 9199 8010
Mob: 0416 233 145

PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

Phoslock Water Solutions Limited is listed on the Australian Stock Exchange (ASX Code: PHK).

PWS is an engineering and treatment products company for water remediation.

PWS recently formed a new company, Phoslock (Beijing) Environment Engineering Technology Co., Ltd to focus on engineering solutions for water environment projects as well as water remediation products such as Phoslock, zeolites and other solutions. Phoslock Beijing undertakes design, engineering, implementation and use of remediation materials for river, canal and lake projects. This is a significant broadening of the historical PWS business and enables it to undertake a broader array of projects in China and elsewhere, supplying both services and materials.

PWS has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, *PHOSLOCK*, along with specialised other water treatment products.



PWS is headquartered in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China and Bremen, Germany. PWS is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States, HidroScience in Brazil and Bentophos across the E.U.

PWS has four marketing and co-operation agreements in China with environmental remediation companies.

For more information about PHOSLOCK Water Solutions and *PHOSLOCK* please visit our websites: www.PHOSLOCK.com.au or www.PHOSLOCK.eu (Spanish, Italian, Dutch and German) or www.PHOSLOCK.com.br (Portuguese) or www.PHOSLOCK.cn (Chinese).

PHOSLOCK BLOG on PHOSLOCK news and current Water Issues – see www.PHOSLOCK.com.au and look for PHOSLOCK BLOG icon in top right corner of the Home Page.

ABOUT PHOSLOCK – the Product

PWS produces *PHOSLOCK*, a patented technology developed by the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”). PHK has lodged a subsequent patent application to extend and protect the core PHOSLOCK technology which is in an advanced stage of being granted in some 50 countries.

PHOSLOCK is a unique water treatment product that permanently binds phosphorus in water bodies such as lakes and dams. It provides a protective permeable layer to sediments, permanently preventing the re-release of phosphorus.

Retention of phosphorus reduces the level of algae by depriving it of nutrients. This in turn improves water quality, both for human use and aquatic life as well as preventing and controlling Harmful Algal Blooms (HAB).

While *PHOSLOCK* is primarily used as an in-water solution for lakes, drinking water reservoirs and other recreational water bodies, it is also used as a preventative product to absorb phosphorus before it enters water bodies by being applied in storm water basins and inflow channels, rivers and canals.

PHOSLOCK is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca). This certification enables PHOSLOCK to be applied to water bodies used for human consumption in the USA and Canada



PHOSLOCK has been certified by the Chinese Research Academy of Environmental Sciences (CRAES). *PHOSLOCK* is classified as a general environmental substance which is neither hazardous nor harmful to the environment.



PHOSLOCK has been used on many high profile water bodies in Europe/UK, North America and Australia. To date over 300 initial and follow-up applications have been successfully made.

Over 60 peer reviewed scientific and technical papers have been published on PHOSLOCK in leading scientific journals. For access: www.PHOSLOCK.com.au