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HaloSource Inc.



## Business Overview

**ESTABLISHED:** 1994

**LOCATION:** Seattle, Washington, USA

**LISTING:** AIM

**TYPE OF COMPANY:** For profit

**NUMBER OF EMPLOYEES:** 51 - 200

**ISSUED SHARE CAPITAL:**

220,278,404 ordinary shares with no par value

**BUSINESS AREA:**

Drinking Water Purification Technology

**COMPANY WEBSITE:**

[www.halosource.com](http://www.halosource.com)

**BUSINESS OVERVIEW**

HaloSource Inc. (HaloSource) is a clean water technology company providing innovative solutions to the growing issue of water stress and brings clean, safe drinking water to more than 10 million people in China, India and Latin America through their proprietary HaloPure® technology and partnerships with leading multinational companies. The company's technology is taken to market through strategic partners across each region who are making major inroads into dramatically underpenetrated markets where often simple filtration or the only methods used for water purification.

HaloSource has offices and operations in Bothell, Washington USA, Shanghai, China, and Bangalore India where some of the world's leading scientists, are developing innovations in the technology of water purification whilst the company's broader team works to advance the commercialisation of those technologies.

**SOCIAL MISSION**

The goal of HaloSource is to improve the lives of people around the globe by eliminating or reducing bacteria, viruses and other contaminants that impact the safety of water.

As the issues of water contamination and drinking water availability loom large globally, the importance of HaloSource's focus on innovation and technology solutions integration for their strategic partners who utilise their technology continues to grow rapidly.

HaloSource is a leading innovator and technology integrator in the water purification space and is currently engaged in bringing a new, class-leading technology to market which removes lead and subsequently will be applied to remove arsenic, fluoride and other dissolved contaminants.

**WHO BENEFITS?**

**FAMILIES AND COMMUNITIES:**

By providing clean safe drinking water solutions, the company helps support healthy families around the globe. HaloSource's drinking water solutions enable families and communities to protect themselves from waterborne diseases and access clean water in areas of the world where it is most needed. When people have access to clean, safe water for drinking, bathing and cooking, they can avoid missing school and work and spending family resources on medical treatment. Likewise, within the recreational water segment, the company's water clarification products can help prevent drowning, and remove foreign particles from pool and spa water.

## Commercial and Financial Summary

### CAPITAL STRUCTURE

HaloSource Inc uses little debt in its capital structure and is mostly financed through equity with a debt to capital ratio of 0.25%.

### PRICE CHART<sup>2</sup>



### BUSINESS HIGHLIGHTS

**FINANCIAL:** Revenue from continuing operations of \$1.4 million decreased from H1 2015: \$2.7 million. The company reduced operating expenses from continuing operations to \$5.2 million (H1 2015: \$5.4 million). Net cash and short-term investments at period end were \$4.1 million from \$4.6 million as at 31 December 2015.

**OPERATIONAL:** During the first 6 months of 2016 HaloSource exited both the Recreational Water and Environmental Water businesses to focus exclusively on growth of the Drinking Water business. The company completed the sale of the Recreational Water and Environmental Water businesses during H1 2016. HaloSource reduced US based headcount from 50 to less than 20, and refocused the US team on innovation and global account management. During the period the company filed for patents for a unique, cartridge based approach to lead removal from contaminated water (another looming issue in developing and developed nations).

**PIPELINE:** The release of newest technology platform designed initially to take lead contamination levels down to less than 10 ppb (the NSF 53 standard for safe drinking water) is planned for 2017. HaloSource expects to be able to continue this rate of growth into the foreseeable future.

### FINANCIAL INFORMATION

	31-Dec-14	31-Dec-15	6M 30-Jun-16
Revenue (\$m)	17.933	13.935	1.368
Operating Profit (Loss) (\$m)	(7.166)	(9.203)	(5.369)
Net Profit (Loss) (\$m)	(8.630)	(11.418)	(4.544)
EPS (\$)	(0.05)	(0.05)	(0.02)
Total Assets (\$m)	34.209	21.786	14.111
Cash Balances (\$m)	3.295	3.052	1.237
Cash flows from (used by) operating activities (\$m)	(8.433)	(8.655)	(5.044)
Quick Ratio <sup>3</sup>	3.80	2.44	3.46
PE (x)	N.A.	N.A.	N.A.

### FINANCIAL INFORMATION<sup>4</sup>

**TICKER:** HALO

**SHARE PRICE:** £ 0.85 (close 31/12/16)

**MARKET CAP:** £2.148m<sup>5</sup> (close 31/12/16)

<sup>2</sup> Source: LSE

<sup>3</sup> (Cash+Marketable Securities+Receivables/Current Liabilities)

<sup>4</sup> <http://markets.ft.com/data/equities/>

<sup>5</sup> LSE (The market capitalisation of companies reflects the London listed element only. These figures are approximate and are updated monthly)

## Impact Assessment Matrix

### ECONOMIC IMPACT

	MEASUREMENT	REPORTED OUTCOME			
<b>Resource Access</b>	No. of HaloPure® purification cartridges providing cost effective clean water per annum	2013 400,000	2014 500,000	2015 1.4m	2016 680,000
	No. of person days of clean water made available by HaloPure®	2013 300m	2014 412m	2015 1.05bn	2016 511m
	No. of people accessing clean water	2013 800,000	2014 1.1m	2015 2.8m	2016 1.36m

### SOCIAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
<b>None reported</b>	None reported	None reported

### ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
<b>None reported</b>	None reported	None reported

### GOVERNANCE

	MEASUREMENT	REPORTED OUTCOME
<b>Governance</b>	No. of Non-Executive Directors	5 out of 7
	Non-Executive Chairman	Yes
	Committees for Audit, Compensation, Nomination, AIM Compliance & Corporate Governance	Yes
	Compliance with main provisions of UK Corporate Governance Code	Intends to comply as insofar as is practicable given company size, nature and state of development

## MUST READ

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