

# WATER INVESTMENT NEWSLETTER

Volume 23, Number 4 "A Newsletter On Water Stocks and Investments"

April 15, 2009

## STOCK PROFILE

### Enviro Voraxial Technology poised to enter growth cycle

By Roy W. Urrico

FORT LAUDERDALE, Fla. — **Enviro Voraxial Technology, Inc. (OTCBB: EVTN)** continues its business evolution. The company — developer of the patented Voraxial® Separator that concurrently separates liquid/liquid, liquid/solid, or liquid/liquid/solid mixtures — has gone beyond the research and development phase, passed its test in the deployment stage, and has now transitioned to the commercialization of the Voraxial with sales and leases to major business and government entities. This makes EVTN a rare early stage company with an impressive, growing list of Fortune 100 customers including ConocoPhillips, Cameco, Repsol, U.S. Navy and Transocean.

EVTN's expectations for dramatic growth are based on its confidence that there is no other technology that can approach the efficiency of the Voraxial for many, high volume, bulk separation requirements. The Voraxial processes a larger volume of liquids with a smaller footprint, less energy and maintenance, which provides the customer with a significant cost savings. It is this fact that has attracted the attention of some of the largest companies in the industry.

With the progression from R&D to commercialization complete, EVTN is now experiencing a rapid growth

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### Wastewater treatment plant byproduct

## Biosolids, nitrogen cycle provide limited investment opportunities

By Steve Hoffmann

The concern over global warming and climate change centers attention on the carbon and hydrologic cycles. With respect to the water cycle, it is not enough to say that climate change is exacerbating water scarcity problems. Increasing amounts of carbon dioxide in the atmosphere radically alters the composition of water vapor within the hydrologic cycle creating temporal and spatial changes in the distribution of water.

As biogeochemical cycles go, however, the relationship between the nitrogen and hydrologic cycles receives little attention outside of the negative impact of eutrophication caused by agricultural runoff and the discharge of wastewater. There is an equally important consideration that is of emerging investment interest.

Wherever collection and treatment of wastewater is practiced,

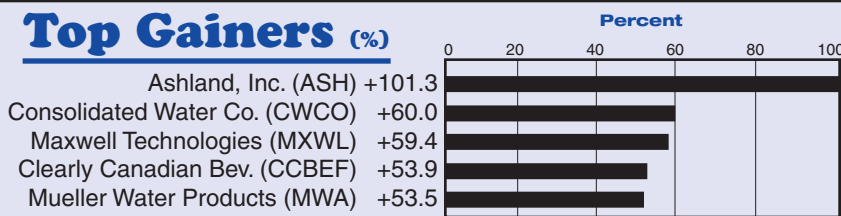
an inevitable by-product is sewage sludge, or organic residuals. While the characteristics of biosolids residuals are quite variable, nitrogen can account for up to 17% of the nutrient composition. The acceptance of biosolids applications has been an uphill battle every since the Part 503 Regulations were enacted over fifteen years ago. Regardless, its potential within the workings of the nitrogen cycle remains a benefit of developing investment interest.

Plants need at least seventeen elements to grow. Carbon, oxygen, and hydrogen are procured from the air and water and are deemed the "building blocks" for plant growth. The remaining elements are referred to as "nutrients" that plants generally obtain from the soil. Nitrogen is one of the most important plant nutrients. But the means by which plants obtain this needed form of the element within

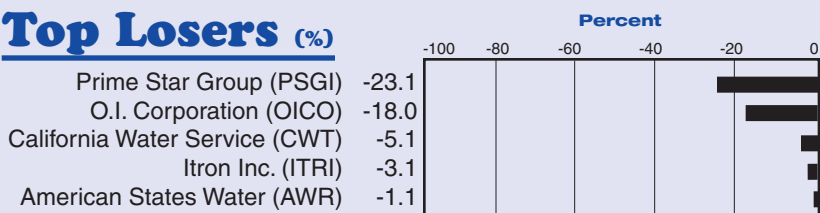
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## WIN Monthly Top Gainers/Losers

### Top Gainers (%)



### Top Losers (%)



# Enviro Voraxial Technology poised to enter...

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of deployment, sales and leases. Virtually every industry requires separation, including mining, food processing municipal wastewater and manufacturing. Although the Voraxial Separator is applicable to almost any industrial separation process, the company is focusing its near-term efforts in the oil and gas industry, and more specifically the produced water niche in the oil exploration and production segment.

The need for effective produced water (oil/water) separation is a major issue for both offshore and land-based oil production facilities. The ability to separate produced water waste streams (oil and water) efficiently has enormous economical and environmental consequences for the oil production industry. Produced water comprises over 98 percent of the total waste volume generated by the oil and gas industry, making it the largest volume waste stream associated with oil and gas production. To put this into

perspective, the amount of produced water generated is enough to flow over Niagara Falls for nine days, according to the scientific group Produced Water Society. The amount of produced water will continue to increase.

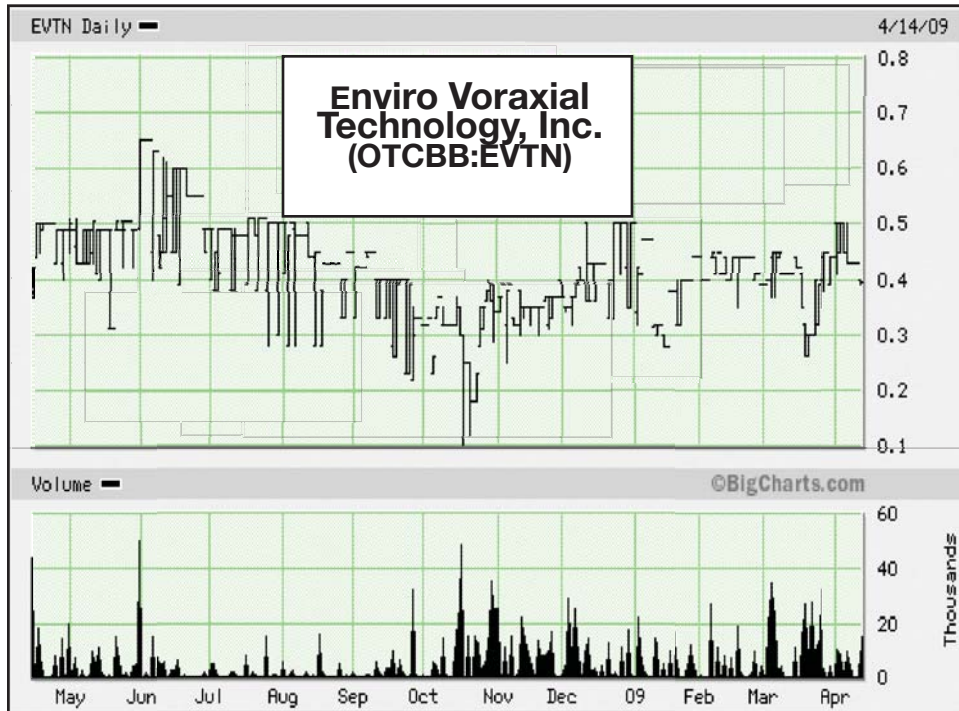
In the continental U.S., it is estimated that 7-10 barrels of water is produced for each barrel of recovered oil. According to the Argonne National Laboratory 2007 White Paper, "approximately 15 to 20 billion barrels of produced water are generated each year in the United States. As oil wells mature, the oil field becomes depleted and the amount of produced water increases.

The uniqueness of the Voraxial, however, has resulted in significant interest from different segments of the oil industry. This includes refinery, tar sands, slop oil treatment and deckwater drainage. The company is also developing relationships with oil service companies to expand its market penetration. The demand,

says John A. Di Bella, director of business development at Enviro Voraxial, has increased markedly in the last six months. "We are currently looking at 35-45 oil industry related projects right now, compared to about 4 last year." Most projects will utilize approximately 2-5 units with some projects using as many as 15 units. With sales prices ranging from \$75,000 to \$975,000 per unit, the potential for significant revenue growth is apparent. This may explain why the stock has maintained its value during the recent stock market sell-off. As the performance data of the Voraxial continues to be disseminated throughout the industry, the sales are expected to further increase.

"We were very careful not to incur any debt, especially during the R&D stage, allowing us now to use our resources to ramp up sales and marketing. Throughout this process we have kept dilution low and the market cap tight," says Di Bella. This puts the company in an advantageous position of focusing its resources on developing the sales of the Voraxial as opposed to retiring old debt.

"We are at the early steps of the growth stage. With that said, we already developed a backlog of projects for our product." Some projects that the company is now working



Graph courtesy of BigCharts.

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#### Contributing Editors:

Stephen J. Hoffmann  
Roy W. Urrico

#### Publisher:

Thomas C. Bell

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## Biosolids, nitrogen cycle provide limited investment opportunities...

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the nitrogen cycle is complicated. Chemically unreactive nitrogen gas is the atmosphere's most abundant element (78% of the volume of the troposphere), yet it cannot be utilized in that form by plants or animals. Bacteriological conversion in the soil and water is required to convert the gas into compounds that can enter food webs as part of the nitrogen cycle. Biosolids are nutrient-rich organic materials that can augment the process. When treated and processed, these residuals can be recycled and applied as fertilizer to improve and maintain productive soils and enhance crop yields.

To accommodate the rising demand for food and dietary protein by an exponentially increasing world population, global food production will need to double on basically the same amount of land currently in production. The notion of sustainability begs the question of why the nutrients in the 8.2 million tons of biosolids generated per year in the United States are not more effectively utilized. The management of wastewater treatment by-products is a business that makes intuitive sense as a biocentric approach to recycling within the critically important nitrogen cycle. This is the logic despite an extremely challenging political and regulatory environment. And rightly so, as sewage sludge by definition is going to contain pollutants, including pathogenic microorganisms, heavy metals, and any number of synthetic contaminants.

To make it clear, sewage sludge is defined as the residue generated in primary, secondary, or advanced wastewater treatment processes. Biosolids represent only the treated portion of the wastewater solids that meet strict federal and state regulations (the EPA, however, uses the terms interchangeably). In order for the biosolids segment to begin the process of achieving the investment potential that is believed to be significant, it is important that the research and treatment methodologies be properly advanced within the community of water administrators and professionals. This is precisely why the recently released "Targeted National Sewage Sludge Survey Report" (TNSSS, January 2009) is a crucial part of the process in understanding and appropriately utilizing a potentially valuable resource.

Section 405(d) of the Clean Water Act requires the EPA to identify and regulate toxic pollutants that may be present in biosolids at levels of concern for public health and the environment. The objective of the survey was to determine which substances or chemicals were present in the sewage sludge of 74 randomly selected publicly owned treatment works (POTWs) in 35 states. While national estimates of the concentrations of selected constituents were made, the report makes it clear that the occurrence information was the prime directive at this point not the concentrations. The EPA will, however, use the results to assess potential exposure to the contaminants. Of further note is the inclusion of pharmaceuticals and personal care products (PPCPs) in the survey. The TNSSS will provide the first national estimates of which pharmaceuticals, steroids and

hormones may be present in the sewage sludge.

Municipalities decide on the best management practices for biosolids that they generate, whether they are recycled as fertilizer, incinerated or buried in a landfill. The EPA is responsible for providing information, based on the best science, on the safe recycling and disposal of these biosolids. The results of the TNSSS provide valuable information in advancing effective regulation. All but one of the metals analyzed were found in virtually every sludge sample. Three of the pharmaceuticals, ciprofloxacin (an antibiotic), diphenhydramine (antihistamine, sleep aid), and triclocarban (in antibacterial soaps) were found in all samples. Of the 25 steroids and hormones, three steroids (i.e., campesterol, cholestanol, and coprostanol) were found in all samples. And all of the flame retardants except one were found in every sample. Again, as the EPA points out in the report, it is not appropriate to speculate on the significance of the result at this time. The point is that the TNSSS provides important input to the EPAs efforts to evaluate biosolids thereby addressing the concerns that inhibit the use and application of this potentially valuable source within the nitrogen cycle. If this creates more stringent amendments to the Part 503 Regulations so be it. Whatever institutional changes are required in order to safely recycle the nitrogen in sewage sludge will be worth the nutrient value for future food production.

The majority of companies engaged in the fragmented biosolids business are smaller private companies that manufacture a specific line of treatment equipment (such as digesters or dewatering equipment) or provide outsourced services focused on a single aspect of biosolids handling (such as dredging or hauling). The acquisition of Synagro Technologies by The Carlyle Group in 2007 eliminated the largest listed pure biosolids play. Synagro was instrumental in the early consolidation of the segment. The trend now is toward comprehensive biosolids management which is driven by the economics of privatization. The large global multi-business water participants dominate this segment. The public companies with notable biosolids activity include: **Eimco Water Technologies (GLV, Inc., Toronto: GLV-A, GLV-B.TO)**, **Andritz AG (Vienna: ANDR.VI)**, **Vivendi Environnement ADR (NYSE:VE)**, **Suez Environnement (Paris: SEV.PA)**, and **Siemens AG ADR (NYSE:SI)**. An exception is **N-Viro International Corporation (OTC BB: NVIC.OB)**. With a market cap of just \$9 million, the company's stock may not be suitable for many investors.

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### Water Industry Investments

WaterTech Capital has provided merchant and investment banking services to the water industry for over 20 years. Whether you want to invest in water, buy or sell a water business, commercialize a technology or develop a strategic plan, we can assist. Contact Steve Hoffmann at [steve@watertechcapital.com](mailto:steve@watertechcapital.com) or visit [www.watertechcapital.com](http://www.watertechcapital.com).



# WATER INVESTMENT NEWSLETTER

## WIN "Model" Water Stock Portfolio April 2009

Company	Stock Symbol	# of Shares	Date Selected	Date Deleted	Initial Price (\$)	Total (\$)	Current Price 4/7/09	Market Value (\$)	Price at Deletion (\$)	Increase/Decrease (\$)	Change (%)
AECOM Technology	ACM	200	3/10/08		24.65	4,930	26.85	5,370		440	8.9%
Badger Meter	BMI	2,000	11/5/99		7.78	15,562	30.48	60,960		45,398	291.7%
		2,000	6/27/00		6.44	12,875	30.48	60,960		48,085	373.5%
		1,000	10/31/05		17.64	17,640	30.48	30,480		12,840	72.8%
Danaher Corp	DHR	400	1/9/01		29.56	11,826	52.80	21,120		9,294	78.6%
Gorman-Rupp	GRC	250	2/5/04		19.51	4,878	19.78	4,945		67	1.4%
Franklin Electric	FELE	400	6/27/00		16.13	6,456	21.94	8,776		2,320	35.9%
Insituform Technologies	INSU	200	7/20/01		33.00	6,600	15.19	3,038		-3,562	-54.0%
		200	7/31/02		17.00	3,400	15.19	3,038		-362	-10.6%
		200	1/5/03		13.45	2,690	15.19	3,038		348	12.9%
		200	10/25/05		15.80	3,160	15.19	3,038		-122	-3.9%
		200	8/10/07		16.00	3,200	15.19	3,038		-162	-5.1%
ITT Industries	ITT	200	3/11/04		36.08	7,230	38.31	7,662		432	6.0%
Layne Christensen	LAYN	500	3/20/07		33.16	16,580	16.94	8,470		-8,110	-48.9%
Met-Pro Corp.	MPR	1,185	3/20/98		6.56	7,778	8.55	10,132		2,354	30.3%
		1,185	1/31/99		4.30	5,100	8.55	10,132		5,032	98.7%
		1,185	6/27/00		3.75	4,438	8.55	10,132		5,694	128.3%
		1,185	8/27/03		6.75	7,995	8.55	10,132		2,137	26.7%
		533	6/14/04		8.74	4,665	8.55	4,557		-108	-2.3%
Mueller Water Products	MWA	500	11/9/06		14.55	7,295	3.40	1,700		-5,595	-76.7%
		500	3/10/08		7.65	3,825	3.40	1,700		-2,125	-55.6%
Pall Corporation	PLL	300	6/18/01		23.34	7,002	22.10	6,630		-372	-5.3%
		200	3/11/04		22.99	4,613	22.10	4,420		-193	-4.2%
Pentair	PNR	300	7/26/05		38.99	11,697	22.84	6,852		-4,845	-41.4%
		300	10/25/05		31.58	9,474	22.84	6,852		-2,622	-27.7%
PowerShares Global W	PIO	500	9/9/08		18.25	9,125	11.59	5,795		-3,330	-36.5%
PowerShares Water	PHO	1,000	11/7/08		13.44	13,440	12.30	12,300		-1,140	-8.5%
Stantec Inc.	STN	500	9/12/06		18.00	9,000	18.91	9,455		455	5.1%
Watts Water Technolog	WTS	200	11/12/07		28.20	5,640	19.63	3,926		-1,714	-30.4%
Money Market -- Cash								15,522			
<b>Portfolio Total</b>								<b>\$344,169</b>	<b>Overall Change 244.2%</b>		
DJIA: 7,789.56									<b>Annualized 16.4%</b> <b>(since inception 5/1/94)</b>		

Note: Current changes are highlighted

### SELECT WATCH

SELECTION STATUS		Gorman Rupp (GRC)		Calgon Carbon (CCC)	
Layne Christensen (LAYN)	HOLD	Selection Price Range:	\$17.50 - \$18.00	Selection Price Range:	\$9.00 - \$10.00
Pentair (PNR)	HOLD	One Year Target:	\$26.75	One Year Target:	\$16.50
Lindsay Coprporation (LNN)	ADD				
Veolia Environnement (VE)	ADD				

### REMOVE WATCH

Badger Meter (BMI)	REMOVE	Watts Water Technologies	Insituform (INSU)
		Removal Price Range: \$21 - \$22	Removal Price Range: \$19 - \$20 (partial)

Model portfolio selections are compiled by Steve Hoffmann at [steve@watertechcapital.com](mailto:steve@watertechcapital.com). This hypothetical model portfolio is submitted as a matter of general interest to the readers of Water Investment Newsletter and is not intended to be sufficiently complete for use as a basis of investment decisions, and, because of individual objectives, it should not be construed as advice designed to meet the particular investment needs of any investor. The information provided is based on data obtained from sources considered to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change. No representation, offer or solicitation on our part with respect to the sale or purchase of any securities is intended or implied from furnishing this information. Mr. Hoffmann, related individuals, associates, employees, and/or members of their immediate families may have a long or short investment position in the securities mentioned herein and may make purchases and/or sales of such securities from time to time in the open market or otherwise.

## Industry reports, company performance

### **Ameron announces quarterly dividend**

PASADENA, Calif. — The Board of Directors of **Ameron International Corporation (NYSE:AMN)** has declared a quarterly dividend of 30 cents per share of common stock, payable May 19, 2009 to stockholders of record on April 23, 2009.

Ameron International Corporation is a multinational manufacturer of highly-engineered products and materials for the chemical, industrial, energy, transportation and infrastructure markets. Ameron is a leading producer of water transmission lines and fabricated steel products, such as wind towers; fiberglass-composite pipe for transporting oil, chemicals and corrosive fluids and specialized materials and products used in infrastructure projects. The company's businesses operate in North America, South America, Europe and Asia. It also participates in several joint-venture companies in the U.S. and the Middle East.

### **Ameron reports lower first-quarter results**

PASADENA, Calif. — **Ameron International Corporation (NYSE:AMN)** has reported net income of \$3.8 million, or \$.42 per diluted share in the first quarter ended March 1, 2009, compared to net income of \$9.7 million, or \$1.07 per diluted share, in the first quarter ended March 2, 2008. Sales totaled \$146.0 million in the first quarter of 2009, compared to \$149.8 million, in 2008.

The decrease in earnings was principally due to the lower earnings from TAMCO, Ameron's 50%-owned steel mini-mill, which experienced a significant decline in demand for steel rebar due to the reduction in construction spending in California, Arizona and Nevada. The Fiberglass-Composite Pipe and Infrastructure Products Groups had lower sales and earnings, which were in large part offset by higher sales and earnings from the Water Transmission Group. The Water Transmission Group had higher sales and earnings primarily as a result of increased wind tower shipments and improved plant efficiencies.

James S. Marlen, Ameron's Chairman and Chief Executive Officer stated, "The first-quarter results of the company's core operations were, on balance, steady in spite of the global economic environment. The lower earnings for the first quarter were principally due to TAMCO which has been confronted with an unprecedented decline in steel rebar demand."

The Fiberglass-Composite Pipe Group had lower sales and segment income in the first quarter of 2009 primarily as a result of soft market conditions in Europe and Brazil and the timing of shipments from Asian operations. Sales decreased \$9.1 million, or 14%, in the first quarter of 2009; while segment income was down \$2.0 million, or 12%. Weaker foreign currencies reduced sales \$2.6 million, compared to last year.

Operations in Europe had lower sales due to weak demand in marine and offshore markets. Operations in Brazil experienced weaker industrial demand primarily in the pulp and paper industry, while operations in Asia delayed shipments due to the inability of customers to arrange financing. Operations in the U.S. had higher sales and income principally as a result of increased marine and oilfield piping and tubing sales.

The demand for fiberglass piping remains steady in the marine and offshore market segments, and the business maintains a healthy backlog in these segments. The onshore oilfield market slowed in the first quarter due to volatile oil prices. Worldwide industrial demand also slowed. The construction of two new plants in Brazil remains on schedule. The Centron plant to serve the onshore oilfield market in South America was completed and began production in the first quarter, while the Bondstrand plant which will primarily serve the marine and offshore markets should be completed late in 2009.

The Fiberglass-Composite Pipe Group is expected to continue to moderate during 2009 due to the overall economic climate, the effect of oil prices and energy demand on oil production and the impact of tight credit markets.

The Infrastructure Products Group had lower sales and segment income in the first quarter of 2009. Sales decreased \$5.6 million, or 13%, while segment income declined \$2.5 million, or 40%. Both the Hawaii Division and the Pole Products Division had lower sales and segment income. The Hawaii Division's ready-mix concrete and aggregates business experienced lower demand on both Oahu and Maui as construction spending weakened.

The Pole Products Division was affected by the weak residential housing market that reduced the demand for decorative concrete lighting poles. The U.S. housing market remained at the lowest level in many years and is not expected to recover in the short term. The construction sector in Hawaii has been impacted by the recessionary economy, a slowdown in tourism and tight credit. An improvement for the Infrastructure Products Group is not anticipated in 2009.

The Water Transmission Group had higher sales and segment income in the first quarter of 2009. The sales increase totaled \$10.6 million, or 26%, while segment income increased \$4.5 million due to the higher sales and improved plant efficiencies. The sales improvement was attributed to increased shipments of wind towers as water pipe sales were about even with last year. The western U.S. market for large-diameter, high-pressure water transmission pipelines remains slow with bid activity well below historical levels.

While numerous, large projects are in the planning and specifications stage, it is uncertain when projects will proceed.

# Industry reports, company performance . . .

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The timing of bid activity is being influenced by municipal budgets, availability of financing in tight credit markets and the slowdown in housing construction. Longer term, new and upgraded water infrastructure will be required to support population growth, to provide adequate water supply and to develop redundant water supplies. Near term, the water pipe business will continue to experience soft market demand.

The wind energy market in recent months contracted due to the lack of financing available to wind farm developers. During the first quarter, the wind tower business had order postponements totaling approximately 30% of the order backlog. Until financing and incentives are provided to the wind energy industry, wind tower activity will remain depressed.

TAMCO had significantly lower sales in the first quarter of 2009, compared to 2008. The business incurred a net loss of \$5.2 million, compared to the net income of \$6.1 million in the first quarter of 2008. Ameron's share of TAMCO's net loss totaled \$2.3 million after taxes in the first quarter of 2009, compared to \$2.8 million of net income in 2008. Infrastructure spending in California, Arizona and Nevada declined abruptly during the fourth quarter of 2008 and continued through the first quarter of 2009.

The demand for steel rebar is extremely low, and recovery in the short term is not expected. As a result of the low demand, TAMCO shut down mill operations in December and has served the market needs with existing inventory. It is expected that TAMCO will start-up operations on a limited basis in the second quarter of 2009. James S. Marlen continued, "As expected, the global recession and the difficult market conditions impacted the company's performance in the first quarter and produced lower results than in 2008. These conditions are expected to continue for the balance of 2009, which will be challenging. The company has taken numerous steps to support profitability on lower volume, including scaling back production, personnel and costs.

"There is a great deal of uncertainty in the economy. As the government stimulus programs begin to be implemented, we could see an improvement of activity since most of Ameron's businesses are well-positioned to benefit from higher infrastructure spending. Until then, the company has the liquidity and strong cash flow to manage through the current economic downturn."

Ameron International Corporation is a multinational manufacturer of highly-engineered products and materials for the chemical, industrial, energy, transportation and infrastructure markets. Traded on the New York Stock Exchange (AMN), Ameron is a leading producer of water transmission lines and fabricated steel products, such as wind towers, fiberglass-composite pipe for transporting oil, chemicals and corrosive fluids and specialized materials and products used in infrastructure projects. The company's businesses operate in North America, South America, Europe and Asia. It also participates in several joint-venture companies in the U.S. and the Middle East.

## **Insituform Technologies, Inc. closes acquisition of Corpro Companies**

CHESTERFIELD, Mo. — **Insituform Technologies, Inc. (NASDAQ Global Select Market: INSU)** announced the closing of its acquisition by merger of Corpro Companies, Inc., a company based in Houston, Texas and Medina, Ohio. The transaction purchase price was approximately \$92.0 million, which included cash payments to the Corpro security holders and Insituform's repayment of certain Corpro indebtedness.

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## Emerging Water Stock Issues

Stock quotes are provided by Joe Di Lillo of Financial West Group, 11755 Wilshire Blvd., Suite 1650, Los Angeles, CA 90025, toll-free (800)991-7991 or (310)954-8300.

52-Week		Company	Symbol	Bid	Net		52-Week		Company	Symbol	Bid	Net		
High	Low				Ask	Change	High	Low				Ask	Change	
.05	.00	American Water Star, Inc	AMWS	.0012	NA			1.59	.405	JMAR Tech Inc.	JMAR	.045	.055	-.005
17.50	14.26	Basin Water, Inc.	BWTR	.41	.42	-.44		.26	.20	Micro Imaging Technology	MMTC	.03	.04	+.016
2.00	.70	BioteQ Env. Technologies	BQE.T	.45	.495	+.06		.004	.0002	Ocean Power Corp.	PWREQ	.0001	NA	-.0001
1.01	.12	Capacitive Deionization Tech.	CDTN	.0007	.003	...		1.50	.6	Plutonic Power Corp. (Can.)	PCC.T	2.20	2.25	-.15
17.48	17.39	Cott Corporation	COT	1.03	1.04	+.279		3.09	.52	Pure Bioscience	PURE	1.76	1.78	-.06
.69	.03	Entech Solar Inc.	ENSL	.18	.25	-.17		10.00	.0001	Pure H2O Bio-Technologies Inc.	PRHN	.0001	...	...
5.10	1.90	Flexible Solutions Int'l. Inc.	FSI	1.70	1.75	-.16		.01	.003	Southwestern Water Exploration	SWWE	.0015	.002	+.0003
6.59	2.96	Euro Tech Holdings Co.	CLWT	.95	.96	+.37		.037	.002	Tropical Beverage, Inc.	TPBV	.0008	...	...
.17	.01	Global Water Technologies	GWTR	.0021	.0034	-.0007		1.01	.20	Ultra Pure Water Mfg. Inc.	UPWT	.01	.04	-.01
2.15	1.09	H2O Inovation, Inc.	HEO.V	.48	.54	+.11		.75	.17	Underground Solutions, Inc.	UGSI	.19	.21	+.01
1.31	.11	HydroFlo, Inc.	HYRF	.0065	...	...		.29	.065	Water Chef, Inc.	WTER	.04	.045	+.007
.20	.04	Innova/Pure Water, Inc.	IPUR	.007	.039	+.002		2.10	1.10	Waterbank of America, Inc.	WBKA	.0015	.10	-.0135

# Industry reports, company performance . . .

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Corrpro is a premier provider of corrosion protection and pipeline maintenance services in North America. Corrpro offers a comprehensive line of fully-integrated products and services for the internal and external corrosion protection of pipelines, predominantly to customers in the energy and water industries. For the twelve months ended December 31, 2008, Corrpro reported net revenues of \$188.1 million and income from continuing operations of \$8.2 million.

The acquisition was financed in part by a \$50 million term loan under the company's new \$115 million credit facility. Joe Burgess, President and Chief Executive Officer of Insituform, said "Our acquisition of Corrpro, along with our recently completed acquisition of The Bayou Companies, transforms our energy and mining business into a full-service industrial pipe and corrosion protection business. We believe that the combination of the products and services offered by both Corrpro and Bayou with the Titeliner® products offered by our United Pipeline Systems division will uniquely position us to serve the energy, mining and water industries."

Insituform Technologies, Inc. is a leading worldwide provider of proprietary technologies and services for the rehabilitation of sewer, water and other underground piping systems without digging or disruption and the corrosion protection of industrial pipelines.

Insituform®, the Insituform® logo and Titeliner® are the registered and unregistered trademarks of Insituform Technologies, Inc. and its affiliates.

## **Layne Christensen reports fourth quarter and fiscal 2009 year end results**

MISSION WOODS, Kan. — **Layne Christensen Company (NASDAQ:LAYN)**

- Revenues for fiscal 2009 reach \$1 billion for the first time in company history.
- Non-cash impairment charge in the Energy division's fourth quarter of \$16.1 million, after income taxes, or \$0.83 per share, resulted from reduced oil and gas reserve valuations at year end caused by lower natural gas prices.
- Net income for the year was \$26.5 million, or \$1.37 per share, compared to \$37.3 million, or \$2.20 per share last year.
- Excluding the fourth quarter Energy division non-cash impairment charge, net income for the year was up 14.4% to \$42.6 million, or \$2.20 per share.
- The fourth quarter was a net loss of \$11.4 million, or \$(0.59) per share, compared to net income of \$9.6 million, or \$0.50 per share last year.
- Excluding the fourth quarter Energy division non-cash impairment charge, net income for the fourth quarter was down 50.8% to \$4.7 million, or \$0.24 per share, due primarily to sharp decline in the Mineral Exploration division.

"Although we were pleased with full year operating results, clearly the fourth quarter reflected the challenges ahead. The non-cash impairment charge in our energy division resulted from the low natural gas prices at fiscal year end. Our cash position, net of debt, continues to grow as we reduce spending in response to lower operating levels. The first quarter will be tougher as we stair step down from fourth quarter revenues while trying to get costs in line with a lower revenue base. Fortunately, Layne Christensen's strong balance sheet and business diversity will continue to give us an advantage in dealing with this cycle.

We will prudently take advantage of the numerous opportunities that this dramatic recession will produce," said Andrew B. Schmitt, President and Chief Executive Officer.

Layne Christensen Company has announced net income for the fiscal year ended January 31, 2009, of \$26,534,000, or \$1.37 per diluted share. Earnings were impacted by a non-cash impairment charge in the fourth quarter of \$16,081,000 after income taxes or \$0.83 per share, related to year end oil and gas reserve determinations in the Energy division. Excluding the non-cash charge, the company had net income of \$42,615,000, or \$2.20 per diluted share, compared to net income of \$37,256,000, or \$2.20 per diluted share last year. Net income for the fourth quarter, excluding the non-cash charge, was \$4,730,000, or \$0.24 per diluted share, compared to net income of \$9,606,000, or \$0.50 per diluted share, in the fourth quarter last year.

Revenues increased \$5,809,000, or 2.6%, to \$229,398,000 for the three months ended January 31, 2009, and increased \$139,789,000, or 16.1%, to \$1,008,063,000 for the twelve months ended January 31, 2009, compared to the same periods last year. Revenues were up across all primary divisions during both periods, except for mineral exploration revenues which were down in the fourth quarter. A further discussion of results of operations by division is presented below.

Selling, general and administrative expenses increased to \$31,430,000 and \$136,687,000 for the three and twelve months ended January 31, 2009, compared to \$29,960,000 and \$119,937,000 for the same periods last year. The increase for the three months was primarily the result of \$1,905,000 in expenses added from acquisitions and start up operations. The increase for the twelve months was primarily the result of \$7,497,000 in expenses added from acquisitions and start up operations, compensation related expense increases of \$3,887,000, with the remainder of the increase spread across various categories.

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Depreciation, depletion and amortization increased to \$13,871,000 and \$52,840,000 for the three and twelve months ended January 31, 2009, compared to \$11,693,000 and \$43,620,000 for the same periods last year. The increases were primarily the result of increased depletion of \$1,129,000 and \$3,232,000 resulting from increases in production of unconventional gas from the company's energy operations and increased depreciation from property additions and acquisitions in the other divisions.

Equity in earnings of affiliates increased to \$2,977,000 and \$14,089,000 for the three and twelve months ended January 31, 2009, compared to \$2,049,000 and \$8,076,000 for the same periods last year. The increases reflect strong performance in mineral exploration by affiliates in Latin America, particularly Chile, during most of the fiscal year.

Interest expense decreased to \$816,000 and \$3,614,000 for the three and twelve months ended January 31, 2009, compared to \$986,000 and \$8,730,000 for the same periods last year. The decreases were a result of debt paid off with proceeds from the company's stock offering in October 2007.

The company recorded an income tax benefit of \$10,609,000 in the fourth quarter related to the non-cash energy charge. Excluding this benefit, the company's effective tax rate was 54.2% and 43.0% for the three and twelve months ended January 31, 2009, compared to 46.6% and 44.8% for the same periods last year. The higher effective rate in the three months was primarily due to the decrease in pre-tax earnings in the quarter. The effective rates in excess of the statutory federal rate were due primarily to the impact of nondeductible expenses and the tax treatment of certain foreign operations.

### *Water Infrastructure Division*

Water infrastructure revenues increased 16.9% and 19.9% to \$191,766,000 and \$766,957,000 for the three and twelve months ended January 31, 2009, from \$163,980,000 and \$639,584,000 for the same periods last year. The increases in revenues were primarily attributable to incremental revenues of \$29,769,000 and \$54,458,000 from the company's acquisitions. Also affecting the twelve months were increases of \$25,325,000 in water and wastewater treatment plant construction, \$20,389,000 in specialty geoconstruction and \$9,396,000 in sewer rehabilitation revenues.

Income before income taxes for the water infrastructure division increased 50.8% and 12.6% to \$12,929,000 and \$48,399,000 for the three and twelve months ended January 31, 2009, compared to \$8,573,000 and \$42,995,000 for the same periods last year.

The increase in income for the three months was primarily attributable to increased earnings of \$1,502,000 in specialty geoconstruction, \$1,147,000 in reduced incentive compensation expenses, and \$428,000 from acquisitions and start up operations. Included in the twelve months ended January 31, 2008 results was \$1,626,000 in non-recurring income from the recovery of previously written-off costs associated with a groundwater transfer project in Texas. Excluding this item, the increase in income was primarily attributable to increases in earnings of \$3,635,000 in specialty geoconstruction, \$2,527,000 in water and wastewater treatment plant construction and \$1,135,000 in sewer rehabilitation.

The backlog in the water infrastructure division was \$427,863,000 as of January 31, 2009, compared to \$408,404,000 as of January 31, 2008. Mineral exploration revenues decreased 47.3% and increased 5.8% to \$25,095,000 and \$188,918,000 for the three and twelve months ended January 31, 2009, compared to revenues of \$47,597,000 and \$178,482,000 for the same periods last year.

The increase in revenues for the twelve months was primarily attributable to strength in exploration activity in the company's markets as a result of the relatively high gold and base metal prices in the first three quarters of the year. Revenues decreased in the fourth quarter of fiscal 2009 as mining companies extended holiday mine shutdowns and delayed or reduced spending programs in response to tightening credit and economic uncertainty and lower prices for base metals. We expect this revenue trend to continue into fiscal 2010.

Income before income taxes for the mineral exploration division decreased to \$437,000 for the three months and increased to \$39,260,000 for the twelve months ended January 31, 2009, compared to \$11,377,000 and \$37,452,000 for the same periods last year. Included in income is equity in earnings of affiliates, which increased \$928,000 and \$6,013,000 from the same periods last year. Excluding the affiliate earnings, the division's earnings decreased \$11,868,000 and \$4,205,000 for the three and twelve months, primarily due to the fourth quarter exploration spending slowdowns noted above.

Energy division revenues increased 7.3% and 16.6% to \$11,528,000 and \$46,352,000 for the three and twelve months ended January 31, 2009, compared to revenues of \$10,742,000 and \$39,749,000 for the same periods last year. The increases in revenues were primarily attributable to increased production from the company's unconventional gas

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properties. During the fourth quarter, the company completed its annual determination of oil and gas reserves and the corresponding present value of those reserves. This determination was made in accordance with SEC guidelines which requires the use of year end gas prices in determining future cash flows. The gas price at January 31, 2009 used in the determination was \$3.29 per Mcf, compared to \$7.53 per Mcf used at January 31, 2008. As a result of the lower prices, the expected future cash flows and gas reserve volumes were significantly reduced. Accordingly, in the fourth quarter, the company recorded a non-cash impairment charge of \$26,690,000, or \$16,081,000, after income taxes. The SEC has revised the annual guidelines for future years, including a change in the point-in-time pricing model. Had the new rules been effective at year-end, the price used in the annual determination would have been \$6.68 per Mcf resulting in no charges to earnings from this test.

Excluding the fourth quarter non-cash impairment charge, income before income taxes for the energy division increased 11.6% and 9.3% to \$3,616,000 and \$14,289,000 for the three and twelve months ended January 31, 2009, compared to \$3,241,000 and \$13,075,000 for the same periods last year. The increases were attributable to increased production, partially offset by reduced pricing in the second half of the year for the portion of the division's production which was not covered by forward sales contracts.

Also included in fiscal 2009, are two additional items, both recorded in the third quarter. The company recorded a non-cash impairment of oil and gas properties of \$2,014,000 related to the company's exploration project in Chile, begun in 2008. Following initial core testing and further evaluation of infrastructure requirements, it was determined that recovery of our investment was not likely and costs were written off.

The company also recorded settlement income related to litigation initiated in the current year against former officers of a subsidiary and associated energy production companies. During September 2008, the company entered into a settlement agreement whereby it will receive certain payments over a period through September 2009. Settlement income of \$2,173,000 was recorded in the year for the payments received, net of attorney fees.

Included in Other for the twelve months ended January 31, 2009 and 2008 were revenues of \$470,000 and \$4,954,000, respectively, associated with contracts to provide consulting and logistical support for international projects in Canada and Africa. Excluding the effects of these activities, the remainder of the operations included in this segment were consistent period over period.

### *Unallocated corporate expenses*

Corporate expenses not allocated to individual divisions, primarily included in selling, general and administrative expenses, were \$5,915,000 and \$25,486,000 for the three and twelve months ended January 31, 2009, compared to \$4,546,000 and \$21,199,000 for the same periods last year. The increases for the periods were primarily due to compensation related expenses.

Layne Christensen Company provides sophisticated services and related products for the water, mineral and energy markets.

### **Millipore releases CEO video**

**Millipore (NYSE:MIL)** recently launched videos of CEO Martin Madaus and CFO Charles Wagner, which feature a discussion about the company's strategy and opportunities to create value in the future. The videos are a helpful resource to analysts and shareholders who are currently following the company or are evaluating the stock as an investment opportunity. To access the videos, please click on the following hyperlink — [http://www.millipore.com/company/files/2008\\_millipore\\_annual\\_report/\\$file/index.html](http://www.millipore.com/company/files/2008_millipore_annual_report/$file/index.html)

Additionally, the company revamped the business overview and MD&A sections of its 2008 10-K to make the document easier to read and provide clearer explanations of the company's products and trends in the business. You can access the 10-K while watching the video or click on the following hyperlink — [http://media.corporate-ir.net/media\\_files/irol/96/96824/MIL\\_2008\\_10\\_K.pdf](http://media.corporate-ir.net/media_files/irol/96/96824/MIL_2008_10_K.pdf)

### **Millipore Investor Analyst Day**

**Millipore's (NYSE:MIL) 2009 Investor Analyst Day** will take place on Wednesday, May 27, 2009 in New York City at the New York Stock Exchange. The event will begin in the mid morning and end in the early afternoon. Additional details will be sent via e-mail in the coming weeks. In order to help you plan your travel, we plan on ending the event no later 3:00 p.m., but the final agenda is still being finalized.

The analyst day will feature presentations from Martin Madaus, President & CEO; Jean-Paul Mangeolle, President of the Bioprocess Division; Jonathan DiVincenzo, President of the Bioscience Division; Charles Wagner, Chief Financial Officer and other Millipore executives.

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## **SouthWest Water Company declares cash dividends**

LOS ANGELES — The board of directors of **SouthWest Water Company (NASDAQ:SWWC)** has declared a quarterly cash dividend of \$0.025 per share of common stock and \$0.65625 per share of Series A preferred stock. The dividends are payable on May 5, 2009 to stockholders of record as of April 20, 2009.

SouthWest Water Company provides a broad range of operations, maintenance and management services, including water production, treatment and distribution; wastewater collection and treatment; customer service; and utility infrastructure construction management. The company owns regulated public utilities and also serves cities, utility districts and private companies under contract. More than two million people in 10 states depend on SouthWest Water for high-quality, reliable service.

## **SouthWest Water Company provides update on corporate developments**

*Bank syndicate grants extension for reporting financials: company receives Nasdaq notice letter*

LOS ANGELES — **Southwest Water Company (NASDAQ:SWWC)**, a leading provider of water, wastewater and public works services, said it has received an extension until May 31, 2009 from the syndicate of lenders for its credit facility with regard to reporting financial results for the year ended December 31, 2008. As a result, the company continues to have full access to its \$150 million credit facility for general corporate purposes.

As previously announced on November 10, 2008, the company said that it would restate prior period financial statements after management discovered errors. On March 13, 2009, the company said that its Annual Report on Form 10-K would be delayed until the restatement is completed. SouthWest Water also said that on March 27, 2009, it received a Nasdaq Staff Deficiency Letter indicating an additional basis of non-compliance with Nasdaq Marketplace Rule 4310(c) (14), due to the delayed filing of the Annual Report on Form 10-K. On February 19, 2009 the company had announced that it received an extension from the Nasdaq Listing Qualifications Staff until May 11, 2009 to report its financial results for the 2008 third quarter. The March 27th letter indicated that the company had 15 calendar days to submit an updated plan to regain compliance on both delayed filings, but that a further extension by Staff was not available under Nasdaq rules.

Should the company be unable to file its delinquent filings by the deadline of May 11, 2009, the Nasdaq Listing Qualifications Staff will give written notice that the company's securities will be delisted. At that time, SouthWest Water may appeal Staff's decision to a Nasdaq Listing Qualifications Panel.

SouthWest Water Company provides a broad range of operations, maintenance and management services, including water production, treatment and distribution; wastewater collection and treatment; customer service; and utility infrastructure construction management. The company owns regulated public utilities and also serves cities, utility districts and private companies under contract. More than two million people in 10 states depend on SouthWest Water for high-quality, reliable service.

## **Aqua America Pennsylvania subsidiary acquires water and wastewater companies**

BRYN MAWR, Pa. — **Aqua America, Inc. (NYSE:WTR)** announced its Pennsylvania subsidiary, Aqua Pennsylvania, Inc., acquired the assets of the W.P. Water Company, Inc. and W.P. Sanitary Company, Inc., which provides water and wastewater services to approximately 550 residents in the Washington Park Development in Wyoming County and the Sleepy Hollow Development in Luzerne County in a transaction valued at \$185,000.

Aqua's acquisition of these troubled water and wastewater systems are a result of Aqua stepping up to aid state regulatory agencies and government officials to resolve ongoing service problems for customers of these systems. Aqua plans to invest approximately \$1.2 million to replace and rehabilitate the wastewater treatment plant and \$900,000 to upgrade the water treatment, supply and distribution facilities. Additional improvements will be made to the wastewater collection system once the performance of the new wastewater treatment facility improves and demonstrates that its impact on the environment has been mitigated. The company has applied for low interest loans through Pennsylvania's Infrastructure Investment Authority, which is supported by Economic Stimulus Funds, to finance the required improvements.

"We are confident that the improvements we have planned will allow us to provide water and wastewater customers in Washington Park and Sleepy Hollow with the type of services they deserve," said Aqua America Chairman and CEO Nicholas DeBenedictis.

# Industry reports, company performance . . .

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## **Lindsay Corporation Reports Fiscal 2009 Second Quarter Results**

OMAHA, Neb. — **Lindsay Corporation** (NYSE:LNN), a leading provider of irrigation systems and infrastructure products has announced results for its fiscal second quarter ended February 28, 2009.

### *Second Quarter Results*

Second quarter fiscal 2009 total revenues of \$65.1 million decreased 40 percent from \$108.4 million in the same prior year period. Net earnings were \$0.2 million or \$0.01 per diluted share compared with \$9.7 million or \$0.79 per diluted share, in the prior fiscal year's second quarter.

Total irrigation equipment revenues decreased 41 percent to \$48.4 million from \$82.6 million in the prior fiscal year's second quarter. Domestic irrigation revenues decreased 38 percent, while international irrigation revenues decreased 48 percent as compared to the same prior year period. Infrastructure revenues were \$16.7 million compared with \$25.8 million in the prior year period, a decrease of 35 percent.

Gross margin was 20.4 percent compared to 27.7 percent a year ago on lower irrigation margins from reduced factory volume and lower infrastructure margins primarily resulting from unfavorable product mix due to a delay in the previously announced Mexico City moveable barrier project. Operating expenses decreased \$0.5 million to \$13.7 million compared to the second quarter of the prior fiscal year and were 21.1 percent of sales in 2009 compared with 13.1 percent of sales in the prior year period. Lower personnel related costs in the quarter were partially offset by inclusion of a full quarter of operating expenses for Watertronics, Inc. which was purchased on January 24, 2008. During the three months ended February 28, 2009, Lindsay had an operating loss of \$0.4 million compared to operating income of \$15.9 million during the prior year period.

Lindsay's backlog of unshipped orders at February 28, 2009 was \$45.5 million compared with \$98.5 million at February 29, 2008. Irrigation backlog of \$17.5 million decreased \$66.0 million while Infrastructure backlog of \$28.0 million increased \$13.0 million compared to February 29, 2008.

### *Six month results*

Total revenues for the six months ended February 28, 2009 were \$178.3 million, a 3 percent decrease from \$184.3 million for the prior year's six-month period. Total irrigation equipment revenues of \$134.4 million declined 3 percent from a year ago, while infrastructure revenues declined 3 percent to \$43.9 million. The company's operating income for the six-month period was \$11.3 million compared to \$22.4 million during the prior year period. Net earnings were \$6.5 million or \$0.52 per diluted share, as compared to \$14.0 million, or \$1.15 per diluted share for the prior year period.

### *Outlook*

Rick Parod, president and chief executive officer, commented, "General economic conditions and agricultural commodity prices remained unfavorable during the quarter adversely affecting the willingness of farmers to make investments in capital goods. During the past several months, we have also seen federal, state and local governments limit spending on infrastructure projects, pending availability of funds.

Agricultural market conditions are expected to continue to adversely affect irrigation demand for the remainder of our fiscal year, while we do anticipate improved demand for road infrastructure products due to increased funding from the stimulus package. We have reduced staffing and other expenses globally, and will continue to take appropriate actions to control expenses. In addition, our focus on cash flow has strengthened our balance sheet, with cash and marketable securities \$16.3 million higher and debt \$21.2 million lower compared with the second quarter of last year."

Parod added, "Expanded food production, efficient water use, and improvements in transportation infrastructure remain very positive long-term growth drivers for our business segments."

Lindsay manufactures and markets irrigation equipment primarily used in agricultural markets which increase or stabilize crop production while conserving water, energy, and labor. The company also manufactures and markets infrastructure and road safety products through its wholly owned subsidiaries, Barrier Systems Inc. and Snoline S.P.A. At February 28, 2009, Lindsay had approximately 12.3 million shares outstanding.

## **Glacier Water announces fiscal year 2008 results**

VISTA, Calif. — **Glacier Water Services, Inc.** (Pink Sheets:GWSV) has announced results for the year ended December 28, 2008.

Brian McInerney, Chief Executive Officer of Glacier Water, said, "Glacier achieved record revenues in 2008 of \$94,711,000, up 4.8% over the prior year. Same-store revenue growth for the twelve-month period continued its positive trend and was up 10.4%. The 2008 revenue increase was the result of higher machine productivity and an increase in

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the number of machines on location across the U.S. During 2008 we placed almost 900 incremental Glacier machines at retailers. Income from operations for the current year improved to \$4,237,000 but was impacted by higher operating costs, including the costs to support new location growth and increased fuel costs. At the end of the year, Glacier had more than 17,200 machines at retailers across the U.S. and Canada providing high quality, drinking water.”

Revenues for the year ended December 28, 2008 increased to \$94,711,000 from \$90,376,000, representing a 4.8% increase versus 2007. The increase in revenue was primarily the result of growth in the number of locations this year compared to last year, coupled with an increase in average sales per machine. The company’s income from operations for the year ended December 28, 2008 was \$4,237,000 compared to \$4,154,000 for the same period last year. Income from operations for 2008 was negatively impacted by higher operating costs, including labor and machine maintenance associated with new location growth, and fuel costs. Additionally, income from operations for the year includes non-cash compensation expense of \$324,000 as compared to \$297,000 for 2007.

The company’s net loss applicable to common stockholders for the year ended December 28, 2008, was \$4,227,000, or \$1.56 per basic and diluted share, compared to a loss of \$4,878,000, or \$1.85 per basic and diluted share for the same period last year.

With approximately 17,200 machines located in 42 States throughout the United States and Canada, Glacier is leading provider of high quality, low-priced drinking water dispensed to consumers through self-service bottled water machines located at supermarkets and other retail locations.

### **Met-Pro Corporation declares quarterly dividend**

HARLEYSVILLE, Pa. — Raymond J. De Hont, Chairman and Chief Executive Officer of Met-Pro Corporation (NYSE:MPR), announced the company’s board of directors, at their meeting on March 27, 2009, declared a quarterly dividend of \$0.06 per share payable on June 12, 2009 to shareholders of record at the close of business on May 29, 2009. This dividend represents a 9.1% increase over the same period last year. This is the thirty-fourth consecutive year that Met-Pro Corporation has paid either a cash or stock dividend.

Met-Pro Corporation, with headquarters at 160 Cassell Road, Harleysville, Pennsylvania, was recently recognized, for the third consecutive year, as one of America’s “200 Best Small Companies” by Forbes magazine. In 2008, the company was also named one of the world’s “Top Small to Midsize Manufacturers” by Start-It magazine for the second year in a row. Through its business units, in the United States, Canada, Europe and The People’s Republic of China, a wide range of products and services are offered for industrial, commercial, municipal and residential markets worldwide. These include product recovery and pollution control technologies for purification of air and liquids; fluid handling technologies for corrosive, abrasive and high temperature liquids; Mefiag filtration technologies for harsh, corrosive liquid filtration applications; and filtration and purification technologies which include proprietary water treatment chemicals and filter products for air and liquid filtration.

### **What others are saying in the market...**

#### **5-Star Stocks Poised to Pop: ITT Market-trouncing returns could be written in these five stars**

*The Motley Fool* — Based on the aggregated intelligence of 130,000-plus investors participating in Motley Fool CAPS, the Fool’s free investing community, defense contractor **ITT (NYSE: ITT)** has earned a coveted five-star ranking.

With that in mind, let’s take a closer look at ITT’s business, and see what CAPS investors are saying about the stock right now.

Sources: Capital IQ, a division of Standard & Poor’s, and Motley Fool CAPS. TTM = trailing 12 months.

Over on CAPS, 267 of the 282 members who have rated ITT — some 95% — believe the stock will outperform the S&P 500 going forward. These bulls include Ayax2006, who is ranked in the top 2% of our community, and bizcbug7.

In late January, Ayax2006 wrote that ITT “has two businesses that can thrive in the current environment, defense (accounts for about 50% of earnings), and water and waste water infrastructure.” Our CAPS member concludes, “ITT would probably benefit from government spending in defense/war and infrastructure.”

In a pitch from last month, bizcbug7 agreed, kindly updating our community on ITT’s latest quarter:

Positioned well for future growth with defense/homeland security, water infrastructure and avionics. Outstanding top and bottom line growth. Q sales increased 16.5% yoy. Fair value calculated at \$65 is roughly twice today’s price of \$33. ROE of 25.3% is very good. Their strong cash position suggests their ability to handle a down economy is outstanding. Cash flow over \$238 M in the last Q is up 30% yoy. Dividend just increased by 22%.

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## **Four favorite water stocks**

by *Steven Halpern* — Filed under: International markets, Newsletters, Commodities, Agriculture, Stocks to Buy, Green Stocks, Obama Picks

“The worst crisis of all time, in my view, is the critical global shortage of fresh water,” says “Larry Edelson. In *Money & Markets*, the resource expert offers four water sector plays.

“The world’s water crisis is now getting worse by the day. And the global financial and credit crisis is merely one reason why. Another is the ongoing modernization of major parts of the world, which is increasing demand for water, while at the same time polluting it.

“Yet another is major droughts around the world, including in our own back yard, where 60% of the U.S. is officially experiencing a drought.

“New technologies and techniques for better water supply management and improved conservation on the demand side could potentially avert a worldwide disaster. And as a long-term investment, water is one of my favorites. For both its tremendous social cause as well as its profit potential.

“The clamor for solutions and the companies that provide them could propel overnight the relative unknowns of the water industry to legendary investment status.

“**Calgon Carbon (NYSE: CCC)** provides products and services to purify water and air. It manufactures granular activated carbon for removing organic compounds from water, air, and other liquids and gases.

“Calgon is a solid, \$792 million company with good fundamentals ... a respected brand name ... and a moderate forward P/E around 20.87.

“**Aqua America (NYSE: WTR)** provides water and waste-water systems to nearly 3 million customers and on the move, acquiring over 100 smaller companies in recent years. Current revenues are about \$626M, and growing.

“**Pentair Inc. (NYSE: PNR)**. A manufacturer and distributor of fluid-handling systems and industrial products like waste-water pumps.

“Expanding in China, which is suffering through the worst water crisis on the planet. Trading now for less than 10 times earnings, Pentair is a great long-term play.

“**Watts Water Technologies (NYSE: WTS)**, one of my favorites, Watts is a major leader in the manufacturing of valve and flow-control products.

“Watts has doubled its business in the past five years, mainly through acquisitions and via expansion overseas, where more than 30 percent of its business now comes from Europe and China.”

Steven Halpern’s *TheStockAdvisors.com* offers a daily look at the latest market commentary and favorite stock picks and investment ideas from the nation’s leading financial newsletter advisors.

## **Biosolids, nitrogen cycle provide limited investment opportunities...**

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The emphasis on wastewater effluent quality will continue to result in an increase in the generation of biosolids at a time when finding acceptable locations for disposal is becoming more difficult.

The recycling of biosolids within the nitrogen cycle, which naturally fuels the production of food for the world’s population, represents an enormous opportunity to move toward ecological sustainability.

There are clearly challenges however. As a telling example, despite the obvious organic nitrogen composition of biosolids, the USDA has currently excluded the use of biosolids in “organic” food production.

There is no doubt that the elimination of pathogens and harmful pollutants must be achieved before widespread

agricultural application is prudent.

But the assumption is that crop application of biosolids is safe when practiced in accordance with federal and state guidelines and regulations.

And to further that assurance the EPA is continuing its purpose in providing information based upon sound science to all stakeholders in the management of water and wastewater treatment residuals.

It is clear that the mandate on sludge reuse and management is a priority in the EPA’s regulatory scheme.

Spurred both by regulation and technological advances, the safe and cost-effective treatment, disposition and management of biosolids is a business with significant growth potential that should be monitored by water investors.

# Enviro Voraxial Technology poised to enter...

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on can generate as much as \$12-15 million. High profile service companies are contacting EVTN, with an interest to incorporate the Voraxial into their separation systems to improve the overall separation efficiency.

EVTN's full focus is on the enormous growth potential of the Voraxial Separator, a continuous flow turbo machine that generates a strong centrifugal force, a vortex, capable of separating light and heavy liquids, such as oil and water, or any other combination of liquids and solids at extremely high flow rates.

The Voraxial Separator technological advantage over conventional machinery, according to the company, lies in its ability to separate contaminants (such as oil and sand) from large volumes of liquids with a smaller footprint. The Voraxial Separator is scalable in design. EVTN currently manufactures four models that range from 3 gallons per minute (the smallest model — Voraxial 1000) to 4000 gpm (the larger model — Voraxial 8000), with only 1 moving part.

"In the past two years we developed new patents that increase the g-force by 300 percent, making the unit even more energy efficient," explains DiBella. This increase significantly improves separation performance. Further, the upgrades also increase the flow rate and pump curve through the Voraxial while decreasing energy and maintenance requirements. These improvements mark a significant upgrade to the Voraxial Separator.

The Voraxial® Separators can be employed as a stand-alone unit or packaged as a total solution, depending upon the type of separation requirements required by the Customer. Since the Voraxial Separator is a compact separation device, a complete system can be configured around the Voraxial that is also compact and economical. One type of Separator Skid, is a two-stage Voraxial Skid. EVTN is providing its customers with the option of purchasing or leasing a modular skid, along with optional stages such as coalescers, filters and the necessary controls. This will allow the customer to purchase a turnkey solution to a specific problem or a flexible platform to meet multiple or variable requirements. The turnkey system can be utilized in multiple niche applications in the oil industry including produced water, under-balanced drilling (UBD), deck water drainage, slopwater, FPSO and refinery markets.

EVTN is currently working on numerous projects with customers for slop-oil treatment, produced water, tar sands and refinery applications. The company was recently engaged in a produced water separation project on an offshore platform in the Caribbean. A Voraxial 4000 Separator was used on this project for pretreatment of produced water feeding a holding tank.

For an early stage company, EVTN already has some high

profile projects including the offshore platform produced-water project and the Voraxial Deckwater Drainage System, which is on a Transocean semi submersible rig Sedco 702, the world's largest offshore drilling contractor.

Although its "main thrust is the oil industry...we are getting requests for proposals from other industries," confirms DiBella, who believes the company is emerging as a potential leader in the rapidly growing environmental and industrial separation industries. "What EVTN's separators can do for the oil industry represents only a part of the total potential applications," says DiBella. The Voraxial Separator can economically benefit industries as diverse as sewage treatment, mining, food processing, ballast and bilge water, to name a few. Some of these opportunities are currently being addressed. Units have already been sold to mining companies and for oil spill remediation.

In March, EVTN announced it has received an order from Twin Filter, a strategic marketing partner, and a global provider of filtration equipment and services. The purchase order calls for the delivery of a Voraxial Separator to the marine environmental subsidiary of one of the world's largest oil companies. The Voraxial Separator will be configured to perform simultaneous bulk separation of oil, water, and sand from large volumes of contaminated water collected from various maritime sources, including ships. The installation of the Voraxial will improve the customer's overall wastewater system while significantly reducing its operating costs. The purchase order is a result of successful trials conducted by Twin Filter. The ability of the Voraxial to provide high volume, three-way separation in an efficient, compact package and without the need of a pressure drop is beyond "the capability of other separation technologies currently available to the environmental and energy markets," says EVTN. Twin Filter and EVTN are currently working on other projects for both offshore and onshore applications. The Voraxial's small footprint, low energy requirements and separation quality coupled with Twin Filter's filtration equipment for secondary treatment provides the customer with a complete turnkey package that meets the most stringent discharge levels.

Any way you look at it, the company and its products are an emerging force. While many companies are scaling back, EVTN is being inundated with an increasing demand for its products. The Voraxial Separator, with its unique characteristics, is well positioned to penetrate and capture a significant percentage of the wastewater separation industry. "This is a very exciting time. If the current demand is any indication of our future success, I believe we will be rewarded with higher revenues, sales and stock prices," proclaims DiBella.

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