

# EcoQuest is ready to grow up

On track for a broad Australian rollout this year, this nappy supplier is also making small steps in the UK and has an eye on the US.

Profile by ROSS KENDALL



Source: robertas naikus/istock

Perth-based company **EcoQuest (ASX: ECQ)** listed on the Australian Stock Exchange four years ago and this year is set to achieve its goal of selling its compostable nappies to the broader consumer market, says chairperson Sylvia Tulloch.

The company is ready to take its 90 per cent biodegradable 'Little Takas' nappies to the world, leaving its competitors' products to sit in landfill for a century, but first it is proving itself on homegrown bums.

The Little Takas nappy range is made from non-genetically modified, corn-based fibers and viscose, and has been independently certified under the Australian standard as being 90 per cent biodegradable. They can take just six months to decompose in an aerobic environment. This compares with conventional disposable nappies made with oil-based waterproof layers that can take over a hundred years to decompose.

Crucially, the nappies also have top performance, according to Tulloch. They are highly absorbent, low leakage and extremely soft on the baby's skin, even allowing it to breathe, she says.

The new line of nappies was officially launched last year and already 2,000,000 units have been shipped to distributors serving IAG supermarkets and Baby Kingdom stores.

Tulloch says EcoQuest is on track to have the nappies sold in at least one of the big two chains - Woolworths or Coles - by the end of the year, with the other to follow shortly after that.

"The rollout is a step-wise process - you prove yourself and then roll out some more. Mothers are willing to pay a bit more for earth-friendly product. The rollout is going pretty much as planned," Tulloch says.

Future plans for the company involve developing its range of products in aligned

areas and in extending its global reach. It is already selling a range of baby wipes made from bamboo.

The company has taken its first steps to enter the UK market and also plans to sell in America in the longer term, but is being patient.

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Sylvia Tulloch, chairperson

"We're trying to expand in an orderly fashion. If you go into too many regions, too quickly, it becomes too costly and too difficult," Tulloch says.

When Tulloch joined the board in 2009 the company had 480 individual shareholders, a number that has risen to close to 800 today. As yet the company is too small to garner a meaningful institutional investor, but there have been signs that they are starting to take notice, she says.

"The inventor had the great idea for the nappies, but this board, completely different from that which floated the company, is now really delivering on the product," she says.

The company does not expect to be profitable until next year, and even then dividends are unlikely. The company is being built over time, and profits will most likely be put back into the company, Tulloch says.

EcoQuest's LittleTakas ambassador or "celebrity mum" is former Olympian Elka Whalan (nee Graham) who reportedly turned to compostable nappies when she discovered that Australia collectively sends to landfill one billion nappies a year. That's enough to fill 2000 Olympic-size swimming pools. **CI**

EcoQuest (ASX: ECQ)

Share price (23 Feb)	6.5 cents
12 month share price range	0.07-0.145 cents
Market capitalisation	\$5.49m
Net cash (30 June 2010)	\$627,615