

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha symbol in orange, all on a dark red background.

Synthesis Energy Systems, Inc. F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you very much. (Operator Instruction). And our first question today comes from the line of David Begleiter with Deutsche Bank. Please go ahead.

David Begleiter - Deutsche Bank

Good morning. Rob and Don, at the last call back in February, you said that you expected low approval in Q2, and YIMA still up in 2010. It's now been pushed for the back obviously, can you just give little more color as to why the delay in both the loan approval, as well as startup. Thank you.

Donald Bunnell

David, good morning and thanks for calling in. We obtain the preliminary commitment letter from ICBC last November. And, as I said, ICBC has already reviewed the key project documents and the approvals. But we can't submit a loan application until the JV companies are actually established. You needed to setup a legal entity in China to formally submit a bank loan application to the banks. So that's what's been holding us up. We needed to form the joint ventures. We had to get these other project documents executed, and really make sure that we had all the key documents nailed down before we move forward with the project.

I just want to emphasize that the key to the financing is the YIMA debt guarantee. That is the number one criteria for bank lending in China, YIMA is very strong and they have got great relationships with all this data on banks, so we are confident that we're going to move forward very quickly on the financing now.

Robert Rigdon

And I just like to add a follow-up to that to the second part of your question, David, regarding the time to build the project. These 300,000 ton methanol units are being built many times in China, and so there is kind of a well established track record of the construction schedule, and so now that's with the work has been done here in the last month, we now have a pretty good solid line aside to the schedule here and the three year time period to get the project up into full commercial operation.

David Begleiter - Deutsche Bank

Robert, right now what's your best guess startup for YIMA?

Robert Rigdon

Well, the startup will end-up probably being in the commissioning piece will start in probably late 11, but the startup would get into 2012 and it will go commercial sometime in 2012.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.