



## Commentary and Update – 3rd Quarter 2009 Sales and Development Velocity Maintained with 24% lower Burn

### Highlights

- *Retains strong cash position – over \$6.1 Million cash on hand*
- *Burn rate drops by 24%*
- *Revenue growth of over 70% re FY 2008*
- *Cash inflows maintained*
- *Operational expenditure prioritised to projects*
- *Low capital expenditure*
- *Solid order book for 4<sup>th</sup> Quarter and beyond*
- *No debt*

Now, three quarters through FY 2009, a year in which nearly all industrial companies have suffered a drastic drop in revenue and substantial reduction of cash, Dyesol continues to achieve revenue growth, with **income at the end of the 3<sup>rd</sup> Quarter being 70% greater** than that achieved for the whole FY2008. Meanwhile the company has substantially reduced cash burn rate while maintaining excellent progress on all projects. By the key measure of operational cash burn, Dyesol has reduced its expenditure by nearly \$1M in the quarter, a **reduction of 24% in burn**. During the quarter, the company met another key milestone in our partnership project with Corus and announced the first stage commitments from projects in Korea and Turkey – moving the company closer to full commercialisation. Last week, at the Dyesol sponsored conference in Nara, Japan, attended by a record 250 delegates, Dyesol announced the achievement of over 12% efficiency for an industrial size tandem cell – demonstrating that the company is also expanding and strengthening its IP portfolio.

At the end of the quarter Dyesol has **\$6.137M** at bank and continues to have no debt. The monthly burn rate for the quarter averaged \$560K indicating that cash reserves are close to one year of operations. The employment levels at Dyesol are now steady as we have completed expansion of the team in the UK to meet the accelerated project schedule. Further business expansion in other jurisdictions will depend on additional funds being secured from partners, government or investors.

In investment activities, as announced in the previous quarter, Dyesol has continued to reduce expenditure on capital equipment as nearly all requirements for current projects have been committed.

Dyesol still holds all its cash as current deposits in top trading banks in Australia (CBA and Westpac/St George), UK (HSBC), Switzerland (Raiffeisen), Singapore (HSBC) and Italy (BPM).

During the quarter the company also confirmed supplier collaborations in Europe and commenced evaluation of outsourcing of equipment manufacture to specialist international equipment engineers, in order to reduce the need for further capital expansion.

The fourth quarter will bring further operating cash inflows from sales of services and equipment in Asia and Europe, growing materials sales and substantial grant payments in UK. Operational and investment cash flows are forecast to remain steady.

Dyesol enters the final quarter of FY2009 confident that the company will continue to grow through the current financial crisis and will be well placed to serve what the IEA and World Bank refer to as the Energy Revolution that could dominate industrial growth for the coming decades. Dyesol is well placed to address the world's largest energy demand, the built environment due to the fact that our technology and products can operate in any light conditions and at any angle to the sun – a Unique Selling Proposition USP for Dyesol's Dye Solar Cells.

**Authorised by:** Dr Gavin Tulloch (Managing Director Global Dyesol Limited) +61 (0) 62991250

#### **Note to editors**

#### **The Technology – DYE SOLAR CELLS**

DSC technology can best be described as 'artificial photosynthesis' using an electrolyte, a layer of titania (a pigment used in white paints and tooth paste) and ruthenium dye deposited on glass, metal or polymer substrates. Light striking the dye excites electrons which are absorbed by the titania to become an electric current many times stronger than that found in natural photosynthesis in plants. Compared to conventional silicon based photovoltaic technology, Dyesol's technology has lower cost and embodied energy in manufacture, it produces electricity more efficiently even in low light conditions and can be directly incorporated into buildings by replacing conventional glass panels or metal sheets rather than taking up roof or extra land area.

#### **The Company – DYESOL Limited**

Dyesol is located in Queanbeyan NSW (near Canberra) and in August 2005 was listed on the Australian Stock Exchange (ASX Code 'DYE'). Dyesol manufactures and supplies a range of Dye Solar Cell products comprising equipment, chemicals, materials, components and related services to researchers and manufacturers of DSC. The Company is playing a key role in taking this third generation solar technology out of the laboratory and into the community.

More detail about the company and the technology can be found at: <http://www.dyesol.com>

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005

Name of entity

<b>DYESOL LIMITED</b>
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ABN

<b>92 111 723 883</b>
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Quarter ended ("current quarter")

<b>31 MARCH 2009</b>
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### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	943	2,928
1.2 Payments for		
(a) staff costs	(1,470)	(3,975)
(b) advertising and marketing	(616)	(1,827)
(c) research and development	(422)	(1,224)
(d) leased assets	-	-
(e) other working capital	(608)	(3,917)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	52	532
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes received/(paid)	23	360
1.7 Other (R&D grant received)	416	992
<b>Net operating cash flows</b>	<b>(1,683)</b>	<b>(6,133)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(1,683)</b>	<b>(6,133)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(387)	(3,059)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(1,401)
1.12 Loans repaid by other entities	500	500
1.13 Other (payment for product development cost)	(91)	(391)
<b>Net investing cash flows</b>	<b>22</b>	<b>(4,351)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,661)</b>	<b>(10,484)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc (net)	-	1,905
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(2)	(7)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>(2)</b>	<b>1,898</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,663)</b>	<b>(8,586)</b>
1.21 Cash at beginning of quarter/year to date	7,981	14,668
1.22 Exchange rate adjustments to item 1.21	(181)	55
<b>1.23 Cash at end of quarter</b>	<b>6,137</b>	<b>6,137</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	194
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

<u>1.24</u>	
- Directors' and associates' remuneration	121
- Marketing services provided by directors and related entities	67
- Technical services provided by related entity	6

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A
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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	6,137	7,981
4.2 Deposits at call	-	
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>6,137</b>	<b>7,981</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  
**(Managing Director)**

Date: **29 April 2009**

Print name: **Gavin Tulloch**

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+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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