

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

CBD ENERGY LIMITED

ABN

88 010 966 793

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from customers | 14,848 | 52,922 |
| 1.2 Payments for | | |
| (a) staff costs | (3,751) | (6,189) |
| (b) advertising and marketing | (1,082) | (1,312) |
| (c) research and development | - | - |
| (d) leased assets | - | - |
| (e) other working capital | (17,056) | (56,634) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 15 | 34 |
| 1.5 Interest and other costs of finance paid | (550) | (739) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other – lease payments | - | - |
| Net operating cash flows | (7,576) | (11,918) |

Explanation of Operating Cash Flows for the quarter ending 31 December 2011

At the beginning of October 2011, CBD entered into a RECS financing arrangement whereby the Company draws down funds against registered RECS held by the Company. This enables CBD to release cash from RECS without having to sell them on market at prices below the Company's target trade price. During the quarter ended 31 December 2011, \$7.0 million of cash has been realised from the RECS held by the Company under this financing arrangement. In line with accounting standards, these cash inflows are treated as financing cash flow despite being derived from operating activities until such point the RECS are actually sold. Had the company sold these RECS on market instead, the operating cash inflows for the quarter would have been increased by a minimum \$7.0m resulting in net operating outflows of negative \$0.6m. The company has continued to use this source of funding since 31 December 2011 to fund operations.

The company has continued to expend funds to grow its pipeline of international and domestic solar and wind projects as well as funding its commitments to the AusChina Joint Venture. Given the long lead times of these projects the operating inflows related to this expenditure will not be received until future periods.

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| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (7,576) | (11,918) |
| Cash flows related to investing activities | | |
| 1.9 Payment for acquisition of: | | |
| (a) businesses (item 5) | - | - |
| (b) equity investments | (963) | (963) |
| (c) intellectual property | - | - |
| (d) physical non-current assets | (46) | (112) |
| (e) other non-current assets | - | (15) |
| 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 | - | - |
| 1.12 Loans repaid by other entities | - | - |
| 1.13 Other (provide details if material) | - | - |
| Net investing cash flows | (1,009) | (1,090) |
| 1.14 Total operating and investing cash flows | (8,585) | (13,008) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of convertible notes. | 1,924 | 1,924 |
| 1.16 Proceeds from sale of forfeited shares | - | - |
| 1.17 Proceeds from borrowings | 6,975 | 7,059 |
| 1.18 Repayment of borrowings | (516) | (3,058) |
| 1.19 Dividends paid | - | - |
| 1.20 Share issuing costs | - | - |
| Net financing cash flows | 8,383 | 5,925 |
| Net increase (decrease) in cash held | (202) | (7,083) |
| 1.21 Cash at beginning of quarter/year to date | 3,041 | 9,796 |
| 1.22 Exchange rate adjustments | (127) | (1) |
| 1.23 Cash at end of quarter | 2,712 | 2,712 |

+ 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 | \$338 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |

1.26 Explanation necessary for an understanding of the transactions

- (i) **\$278,750** was paid to TRW Holdings Pty Limited, an entity related to Mr Gerry McGowan for the following expenses;
- \$278,750 - Executive management services and expenses incurred on the Company's behalf
- (ii) Non-executive Directors \$25,000
Executive Director \$34,518

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

The company transferred RECS to the value of \$2.175 million to the vendor of Neighbourhood Energy Pty Ltd during the quarter ended 31 December 2011 as a deposit for the proposed acquisition.

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

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 | 18,033 | 16,885 |
| 3.2 Credit standby arrangements | - | - |

Of the loan facilities above, \$8,033,000 of the amount available and \$6,885,000 of the amount used is from the funding facility in place to borrow against the value of approved RECS. Collateral in the form of RECS is held by the lender to cover the value of the funds borrowed. On expiry of each tranche of this facility the loan can either be rolled over or settled by selling the RECS held as collateral on market. The market value of the RECS held as collateral exceeds the amount borrowed against them by approximately 15%.

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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 | 2,712 | 3,041 |
| 4.2 Deposits at call | - | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.23) | 2,712 | 3,041 |

Acquisitions and disposals of business entities

| | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|---|-------------------------------|-----------------------------|
| 5.1 Name of entity | - | - |
| 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 ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:



(Director)

Date: 31 January 2012

Print name: **Gerry McGowan**

+ 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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