



Tuesday 24 July 2012

## Cashflow Report for the June Quarter

Ceramic Fuel Cells Limited (AIM / ASX: CFU) a leading developer of small generators that use fuel cell technology to convert natural gas into electricity and heat for homes and other buildings, today released its quarterly cashflow report for the period ended 30 June 2012.

The cashflow report is available at [www.cfcl.com.au](http://www.cfcl.com.au).

### Key Points

- Revenue for FY12 is expected to be approximately AUD 6.7m (GBP 4.4m), an increase of 82 percent on FY11 revenue.
- In total CFCL has received orders for 639 products (375 BlueGen units plus 264 integrated mCHP units). This is a 108 percent increase from the order book as at 30 June 2011.
- During the June quarter we booked to revenue sales of 76 units, bringing the total sales for FY12 to 169 units.
- In the month of June the Company shipped 42 units, the largest number of units shipped to date in a single month.
- Net operating cash outflow for the June quarter was AUD 7.3m (GBP 4.8m). This is higher than previous quarters due to the timing of customer payments and increased production levels and inventory. We have reduced operating costs and we expect cash outflow to reduce significantly in the September quarter.
- Cash on hand at 30 June was AUD 8.8m (GBP 5.8m). We are pursuing several options to raise capital, including a Rights Issue and Overseas Offer, announced today.

### Commentary

In June the Company had its highest sales month so far, delivering 42 units to customers. Payment for these sales is expected in the September quarter.

Receipts from customers for the June quarter was lower than the March quarter which included payment from E.ON UK for all of the 45 BlueGen units ordered in November 2011. The Company delivered 15 of these units to E.ON UK in the March quarter and 30 in the June quarter. Earlier in the June quarter the Company also increased purchases of components to make BlueGen units, to be held in inventory and then delivered to customers.

These factors have led to a net operating cash outflow of AUD 7.3m (GBP 4.8m) for the June quarter, compared to AUD 4.9m (GBP 3.2m) in the March quarter.

The overall net cashflow for the June quarter after investing and financing activities was an outflow of AUD 7.8m (GBP 5.1m). This included AUD 0.4m (GBP 0.2m) for capital expenditure payments in relation to work on the large scale furnace in Germany. As reported in the shareholder update of 12 July, we expect this furnace to be operational during August 2012 without any more significant capital costs.

For the full financial year to 30 June 2012, cash receipts from customers were AUD 6m (GBP 3.9m), which was a 79 percent increase on FY11.

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Revenue for FY12 is expected to be approximately AUD 6.7m (GBP 4.4m), an increase of 82 percent on FY11 revenue. (This is an increase of AUD 200k on the revenue estimate of AUD 6.5m in the shareholder update released on 12 July.) During the June quarter we booked to revenue sales of 76 units, bringing the total sales for FY12 to 169 units, compared to 61 units in FY11.

While revenue has grown strongly, it needs to increase faster to fund operating costs. We have reduced operating costs, including by reducing consultants' fees and reducing casual and contract staff, in line with our manufacturing strategy to progressively outsource assembly activities. We have also sharply reduced component purchases, and deferred or cancelled existing purchase orders.

As a result of these cut backs, we expect net cash outflow to be significantly lower in the September quarter.

As at 30 June 2012 the Company held cash of AUD 8.8m (GBP 5.8m). This includes AUD 2.2m pledged as security for bank guarantees, leaving unrestricted cash of AUD 6.6m (GBP 4.4m).

As announced in the shareholder update on 12 July, we are pursuing several options to raise additional capital to enable the Company to continue to fund its operations. These measures include a Rights Issue to Australian and New Zealand holders and an Overseas Offer to UK and European shareholders announced today. (Please refer to the separate announcement for further details.)

The quarterly cashflow report is also available on the Company's website at [www.cfcl.com.au](http://www.cfcl.com.au)

**For more information please contact:**

**Ceramic Fuel Cells Limited**

Andrew Neilson

Tel. : +61 (3) 9554 2300

Email : [investor@cfcl.com.au](mailto:investor@cfcl.com.au)

**Nomura Code Securities (AIM Nomad)**

Chris Golden

Tel. : +44 (0) 207 776 1200

**Australian media enquiries**

Richard Allen

Tel. : +61 (0) 3 9915 6341

Oxygen Financial Public Relations

Email : [richard@oxygenpr.com.au](mailto:richard@oxygenpr.com.au)

**UK media enquiries**

Mark Way

Tel. : +44 (0) 7786 116 991

MW Research PR

Email : [mark.w@harvardamerica.com](mailto:mark.w@harvardamerica.com)

**German media enquiries**

Alex Seiler

Tel. : +49 (0) 69 9218 7454

Hering Schuppener Consulting

Email : [aseiler@heringschuppener.com](mailto:aseiler@heringschuppener.com)

**About Ceramic Fuel Cells Limited:**

Ceramic Fuel Cells is a world leader in developing fuel cell technology to generate highly efficient and low-emission electricity from widely available natural gas. Ceramic Fuel Cells has sold its BlueGen gas-to-electricity generator to major utilities and other foundation customers in Germany, the United Kingdom, Switzerland, The Netherlands, Italy, Japan, Australia, and the USA. Ceramic Fuel Cells is also developing fully integrated power and heating products with leading energy companies E.ON UK in the United Kingdom, GdF Suez in France and EWE in Germany.

The company is listed on the London Stock Exchange AIM market and the Australian Securities Exchange (code CFU).

[www.cfcl.com.au](http://www.cfcl.com.au)

# Appendix 4C

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

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

**CERAMIC FUEL CELLS LIMITED**

ABN

**82 055 736 671**

Quarter ended ("current quarter")

**30 JUNE 2012**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	609	5,997
1.2 Payments for		
(a) staff costs <sup>1</sup>	(3,399)	(11,816)
(b) advertising and marketing <sup>2</sup>	(301)	(1,168)
(c) research and product development <sup>3</sup>	(1,027)	(4,595)
(d) leased assets	-	-
(e) other working capital	(3,586)	(14,863)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(20)	(89)
1.6 Income taxes paid	-	-
1.7 Other		
- Government grant received	-	736
- Net GST/VAT received/(paid)	285	839
- Sundry income received	90	296
<b>Net operating cash flows</b>	<b>(7,349)</b>	<b>(24,663)</b>

#### Notes

1. 'Staff costs' includes all labour and associated headcount costs, and therefore incorporates all Research & Product Development (R&PD) staff, Sales & Marketing (S&M) staff and General & Administrative (G&A) staff.
2. 'Advertising and marketing' excludes all S&M staff costs (as per note 1 above).
3. 'Research and product development' costs includes all R&PD costs as defined in Note 1(e) to the Financial Statements for the year ended 30 June 2011, but excludes all R&PD staff costs (as per note 1 above).

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

		Current quarter \$A'000	Year to date (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	<b>(7,349)</b>	<b>(24,663)</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	(456)	(1,482)
	(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	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other – Security deposits decreased (increased)	2	4
	<b>Net investing cash flows</b>	<b>(454)</b>	<b>(1,478)</b>
<b>1.14</b>	<b>Total operating and investing cash flows</b>	<b>(7,803)</b>	<b>(26,141)</b>
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares	-	16,988
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(57)	(249)
1.19	Dividends paid	-	-
1.20	Other - Financial assets: Net proceeds/(Net payments) <sup>1</sup>	-	-
	Other - Share issue costs	-	(585)
	Other - Interest received	37	278
	<b>Net financing cash flows</b>	<b>(20)</b>	<b>16,432</b>
	<b>Net increase (decrease) in cash held</b>	<b>(7,823)</b>	<b>(9,709)</b>
1.21	Cash at beginning of quarter/year to date	16,953	19,057
1.22	Exchange rate adjustments on foreign currency cash balances	(284)	(502)
1.23	<b>Cash at end of quarter<sup>2</sup></b>	<b>8,846</b>	<b>8,846</b>

1. The net proceeds from/(payments for) the disposal and purchase of the company's investments are at item 1.20

2. 'Cash at end of quarter' includes A\$2,224,419 pledged as security for bank guarantees, and so is unavailable for use by the Group.

**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	164
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.24 - Directors' fees.

**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

NIL

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

NIL

**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	-	-
3.2	Credit standby arrangements	-	-

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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	6,622	13,369
4.2	Bank term deposits:		
	- up to 3 months duration	2,224	1,273
	- between 3 and 12 months duration	-	2,311
4.3	Bank overdraft	-	-
4.4	Other	-	-
<b>Total: cash at end of quarter</b> <sup>1</sup> (item 1.23)		<b>8,846</b>	<b>16,953</b>

1. 'Cash at end of quarter' as at 30 June 2012 includes A\$2,224,419 pledged as security for a bank guarantee, and so is unavailable for use by the Group.

### Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
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

- 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.
- This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 24 July 2012

Print name: Janine Hoey  
 Director

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## 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.