

4th Quarter FY 2012 – Quarterly Report and Appendix 4C Dyesol recognised as a Technology Leader

Queanbeyan, Australia – 31 July 2012 – Dyesol's focus during the quarter remained on the commercialisation of Dye Solar Cell (DSC) enabled products. Substantial progress continues to be made in the underpinning technologies and material sets including sealants, encapsulation, dye development and titania scale-up which are crucial in building the platform for DSC commercialisation.

Financials

In May, Dyesol bought back the remaining convertible notes held by Bergen Global Opportunity Fund LP following the completion of Dyesol's capital raising at the end of March. This action was undertaken to help relieve downwards pressure on the share price. Although the action is yet to translate into a stronger share price, the Company remains confident that progress at the major project level will attract strong demand for Dyesol Shares over the coming months.

During the quarter Dyesol initiated recovery action against Tulloch Management Pty Ltd (TMPL) an entity controlled by two Dyesol Directors (Dr Gavin Tulloch and Mrs Sylvia Tulloch) for repayment of a loan of \$300,000 plus interest that fell due in the last quarter and remains unpaid. The Company remains in dispute with Dr Gavin Tulloch over his termination as an executive of Dyesol.

In the fourth quarter, the net operating monthly burn rate was \$831K. For FY 2012 the net monthly operating cash burn averaged \$843K, which compares favourably with the \$914K of FY 2011 particularly when a \$1.7M reduction in overseas grant funding and R&D rebates for FY 2012 are taken into account. Reducing cash-burn remains a priority and strategies to achieve further savings will continue to be implemented during the next financial year. These strategies include reducing operating expenditure globally in non-critical areas, selectively lowering staff, contractor and consultant costs, and strictly controlling capital expenditure.

The cash reserves at 30 June 2012 were \$2.511M and the Dyesol Board is reviewing alternatives to improve the Company's working capital situation. In June, Dyesol was informed that its advance finding submission for the Australian Government's R&D tax incentive had been successful. As a consequence, Dyesol now estimates it will receive a cash tax rebate of around AUD \$3 million for R&D undertaken throughout the financial year. This payment will make an important contribution to our annual funding requirements. The R&D tax incentive provides a 45% tax offset refund for eligible R&D activities, and for the first time, approved R&D work carried out overseas may be included.

R&D and Project Activity

Dyesol is updating and refining the Company's Technology Roadmap (TRM) – a key company strategic document guiding cost effective, high level planning and technology development underpinning DSC commercialisation. Fundamentally, the TRM supports Dyesol's Vision, the crucial element of which is that Dyesol seeks to provide world-class materials, the supporting know-how and associated technology to customers, and in particular our partners that have access to large product markets. The TRM helps guide multi-generational development of DSC products and is critical in eliciting long-term financial commitment from our MNC application partners.

Our TRM recognises that achieving commercially focussed performance targets must underpin our R&D activity and that external validation is an important requirement. Our scalable industrial strip cells are currently under third-party validation, and this external validation is an important step in the commercialisation process for DSC technology.

Dyesol's UK team has continued work to support the project with TATA, with particular emphasis on sealing, encapsulation and process scale-up. Cells produced at the Demonstration Facility are being tested externally to provide a benchmark against other technologies and the early results have substantiated our performance claims. Considerable progress is being made with process innovations aimed at improving performance and lowering costs. Discussions continue with Tata Steel and Welsh Assembly Government (WAG) in moving ahead with the next stage of the project that will set the course for commercialisation.

Our Glass Team is making considerable headway in advancing sealing technology and automating our module production technology, incorporating improved cell design that facilitates easier mass production capability.

In the USA the initial proof of concept phase, funded through a \$1M in Ohio Third Frontier (OTF) grant, DyeTec Solar (the Dyesol JV) successfully demonstrated its ability to produce 300mm x 300mm DSC glass panel's in factory environments. In addition, the team aggressively pursued their stretch goal, and as previously announced, overcame processing and manufacturing challenges associated with assembly of large glass-based Dye Sensitized Solar Cells (DSC) panels for Building Integrated Photo Voltaic (BIPV) applications. The resulting prototype panels exceeded 1.20 meters x 60 cm in size.

Based on these results, and pending submission and OTF's acceptance of the final report, DyeTec Solar will apply for additional funding for the validation and verification phase of the project. This phase will quantify material performance and durability in the BIPV environment prior to installation of DyeTec panels into a future demonstration application.

Dyesol's Korean joint-venture, Dyesol-Timo, continued to build sales during the period with Dyesol making substantial shipments of key DSC materials of dye and titania paste to Korea. Dyesol-Timo continues with its testing program for DSC modules confirming the performance advantage DSC offers in the real-world solar conditions such as that experienced in Seoul.

The collaboration with Nanyang Technological University (NTU) has progressed since the signing of a MOU in April. A visit by NTU Scientific Team to Dyesol headquarters established a program of activity to develop solid state DSC, now widely recognised as being an integral part of the next generation of DSC. Dyesol is engaged in strategic activity aimed at gaining leadership in the commercial use of solid-state materials in DSC.

Awards and Recognition

Also during this quarter and amid clean-tech industry tumult and sector-wide market pressure, Dyesol was identified in May as one of Australia's "most promising emerging clean-tech companies" in a cover story in *The Financial Review's Business Review Weekly*, titled "9 Hot Tech Stocks".

With the view towards investing in under-priced, high-potential, small-cap tech companies, *Business Review Weekly* reported nomination of Dyesol as one of Australia's "most promising emerging clean-tech companies".

This recommendation and endorsement of Dyesol's potential is a welcomed and considered judgement which recognised Dyesol's long-term growth potential, outstanding technology, and capital-light business model which reduces exposure to debt and manufacturing costs by remaining focused on core IP, technology development and material supply as the driver for long-term shareholder value creation.

During the quarter, Dyesol's innovation was recognised at two important industry functions: the 2012 9th Annual Manufacturers' Monthly Endeavour Awards, with Dyesol winning the Highly Commended Award (and being recognised as a finalist in 2 other categories), and at the the 2012 Clean Energy Council Industry Awards, with Dyesol winning the inaugural Innovation Award. These prestigious awards are a great tribute to the hard work of the Dyesol team and our partners in Australia and across the world.

The Company – DYESOL Limited

Dyesol is a global supplier of Dye Solar Cell (DSC) materials, technology and know-how. DSC is a photovoltaic technology enabling metal, glass and polymeric based products in the building, transport and electronics sectors to generate energy and improve energy efficiency. Dyesol partners with leading multinational companies who possess significant market share and established routes-to-market. The company is listed on the Australian Stock Exchange ([DYE](#)), the German Open Market ([D5I.F](#)), and is trading on the OTCQX ([DYSOY](#)) through its depository BNY Mellon. Learn more: www.dyesol.com Subscribe to Mailing List and eNewsletter [here](#).

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. 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.

- Ends -

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

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

DYESOL LIMITED

ABN

92 111 723 883

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	359	1,465
1.2 Payments for		
(a) staff costs	(1,464)	(5,844)
(b) advertising and marketing	(232)	(1,256)
(c) research & development & other working capital	(1,381)	(5,922)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	34
1.5 Interest and other costs of finance paid	-	(40)
1.6 Income taxes received/(paid) (R&D Tax rebate)	-	730
1.7 Other (R&D grant received)	213	715
Net operating cash flows	(2,493)	(10,118)

**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)	(2,493)	(10,118)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(27)	(372)
(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 (payment for product development cost)	(359)	(1,384)
Net investing cash flows	(386)	(1,756)
1.14 Total operating and investing cash flows	(2,879)	(11,874)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc (net)	-	8,826
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	-	366
1.18 Repayment of borrowings	-	(451)
1.19 Dividends paid		
1.20 Other *	(326)	(605)
Net financing cash flows	(326)	8,136
Net increase/ (decrease) in cash held	(3,205)	(3,738)
1.21 Cash at beginning of quarter/year to date	5,740	6,293
1.22 Exchange rate adjustments to item 1.21	(24)	(44)
1.23 Cash at end of quarter	2,511	2,511

Note

* included final redemption payment of \$326,062 for the outstanding convertible note of Bergen Global Opportunity Fund LP Agreement.

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

**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	151
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	<p style="margin: 0;"><u>1.24</u></p> <ul style="list-style-type: none"> - Directors' and associates' remuneration 68 - Marketing services provided by directors and related entities 66 - Technical services provided by directors and related entities 17 	

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

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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

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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

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	1,011	5,740
4.2	Deposits at call	1,500	-
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		2,511	5,740

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

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		
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:

Executive Chairman

Date: **30 July 2012**

Print name: **Richard Caldwell**

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