

1st Quarter FY 2013 – Quarterly Report & Appendix 4C Emerging from the Solar Gloom

Queanbeyan, Australia – 31 October 2012 – For the last 2 years the solar industry has had a turbulent ride with a number of key solar markets negatively impacted by the financial crisis gripping many key economies. However, signs of improvement are emerging, in particular in the USA, with photovoltaic installations growing to record levels – 742 megawatts in September – the second-best quarter in the history of the US solar industry.

The outlook remains bright for Dyesol's game-changing Dye Solar Cell technology despite the Company and collaborative projects being impacted by the global economic downturn. During this first quarter of FY 2013 Dyesol: 1) continued the development and implementation of a focussed Technology Road Map that both supports our partner programs and the development of material sets and technology for the future, 2) implemented a program for external independent validation of our technology's performance by recognised testing bodies which is an important step in introducing product to market, and 3) on the PR and communications front Dyesol was recognised by a leading industry energy group and presented to prospective investors in a well-attended forum in Sydney.

Financials

Dyesol continues to be financially constrained and therefore must be focussed in its activities. The Company did receive the forecast R&D Tax Incentive Rebate of \$2.95M shortly after the end of the quarter as anticipated. Dyesol operates a globally integrated R&D effort focused on commercialising the solar industry's third generation, biomimetic Dye Solar Cell nanotechnology. Crossover of the Company's scientific and process engineering R&D activities in Australia, the US, Japan, South Korea and the UK is fundamental to Dyesol's global approach, and it is pleasing that the Australian Government R&D Tax Incentive Rebate contributes to a global initiative which effectively leverages the core R&D carried out in Australia.

The first quarter net operating monthly cash flows (Sec. 1.8) showed an average burn rate of \$638k, a pleasing reduction from the previous FY average monthly burn rate of \$843k. Restructuring initiatives undertaken during the quarter is expected to further reduce Company's costs in future quarters. Net cash used in investing activities during the quarter was \$367k (Q1 FY2012: \$485k), lower by \$118k same period last year mainly due to lower capital expenditures (by \$145k) and offset by a slightly higher level of spending on development expenditure incurred on the Dyesol UK DSC project (Sec. 1.13).

Total operating and investing cash burn for the first quarter totalled \$2.3m, which showed total Company average burn rate of \$760k per month. Compared to last FY it was lower by \$225k per month (FY2012: \$985k per month average). As reported in the financial year end 2012 results, the Company's efforts to preserve cash position (albeit in the short term for R&D projects), appeared to be working satisfactorily across all areas (corporate administration, advertising & marketing) as it actively continues to look at the long term investment opportunities.

The cash reserves at 30 June 2012 were \$840k, and \$2.951 million of R&D FY 2012 cash tax rebate was received in October 2012.

The 2012 Annual Report was released during the period with the result of the consolidated entity for the year reflecting a net loss after income tax that is almost halved from the previous year at \$8.9 million.

Major Projects

Dyesol's international scientific and process engineering teams continued their specific work and projects following the Company's Technology Road Map during the quarter and making steady progress against goals. An important result which was publicly announced in August, was on Dyesol's technology excelling in external testing carried out by Newport Corporation's Technology & Applications Center's Photovoltaic Laboratory (TCA-PV Lab) in California. This external validation is important to our project partners and new potential partners and is part of product milestone development planned in the Company's Technology Road Map. The TCA-PV Lab tested Dyesol's next generation, larger size "strip-cells" in 1/3 sun conditions typical of real world conditions and reported a result of 7.48%. This is a

good performance using conservative measures which gives a realistic “real-world” performance measure instead of “spot-cell” performance measure under higher light level artificial test conditions. Independent testing conducted on the industrially scalable strip cells in Singapore also produced encouraging results.

Marketing, Communications & Outreach

As the recipient of additional industry accolades during the period, Dyesol was again able to reach new audiences and introduce our Dye Solar Cell technology to 700+ industry players at the Clean Energy Council’s Industry Awards as the Company was announced the winner of the inaugural 2012 Innovation Award. The Council applauded Dyesol for ground breaking development in the development of Dye Solar Cell Technology and awarded the top prize to Dyesol in recognition of demonstrated excellence and leadership in innovation and research in the clean energy industry.

Dyesol executive Marc Thomas, CEO of the Company’s American subsidiary, Dyesol Inc. based in Ohio, USA, was interviewed by BRR Media in August to explain the results of recent external testing showing Dyesol’s technology performing well under industry standard test conditions. This audio interview (and other multimedia resources) is still available to listeners on the Dyesol website. Marc also spread the message on the Building Integrated Photovoltaics market and applications for DSC with an opinion piece article in PV Magazine.

The Dyesol bimonthly eNewsletter has continued on schedule with the August issue released during the period. The eNewsletter continues to gain momentum with organic subscriber growth in this quarter exceeding 120 and the medium proving useful for communication of additional and more lengthy company news, technical articles and announcements.

Dyesol Executive Chairman, Richard Caldwell, addressed new potential investors in Sydney, during the quarter with a presentation and networking function assisted by Executive Director and Acting CEO, Gordon Thompson. Dyesol scientists also presented to scientific and technical audiences during the quarter with presentations held in the USA and Australia on the long term stability of Dye Solar Cell technology and on Dye Solar Cell technology performance under thermal stress. These are critical issues for companies moving down the DSC commercialisation pathway.

About 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 ([DSL.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](#).

About DYE SOLAR CELL TECHNOLOGY

[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.

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Media & Investor Relations Contacts:

| | |
|---------------------|--|
| Dyesol Headquarters | Angela Geary, Dyesol Brand Manager Tel: +61 (0)2 6299 1592, ageary@dyesol.com |
| Australia | Viv Hardy, Callidus PR Tel: +61(0)2 9283 4113 or +61 (0)411 208 951 |
| Germany & Europe | Eva Reuter, DR Reuter Investor Relations Tel: +49 177 605 8804 |

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 SEPTEMBER 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--|---|----------------------------|---------------------------------------|
| 1.1 | Receipts from customers | 373 | 373 |
| 1.2 | Payments for | | |
| | (a) staff costs | (1,452) | (1,452) |
| | (b) advertising and marketing | (192) | (192) |
| | (c) research & development & other working capital | (773) | (773) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 30 | 30 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes received/(paid) (R&D Tax rebate) | | |
| 1.7 | Other (R&D grant received) | 100 | 100 |
| | Net operating cash flows | (1,914) | (1,914) |

| | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|-------------------------------|---------------------------------------|
| 1.8 | Net operating cash flows (carried forward) | (1,914) | (1,914) |
| 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 (e) other non-current assets | (38) | (38) |
| 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) | (329) | (329) |
| Net investing cash flows | | (367) | (367) |
| 1.14 | Total operating and investing cash flows | (2,281) | (2,281) |
| Cash flows related to financing activities | | | |
| 1.15 | Proceeds from issues of shares, options, etc (net) | | |
| 1.16 | Proceeds from sale of forfeited shares | | |
| 1.17 | Proceeds from borrowings | 500 | 500 |
| 1.18 | Repayment of borrowings | | |
| 1.19 | Dividends paid | | |
| 1.20 | Other * | 108* | 108* |
| Net financing cash flows | | 608 | 608 |
| Net increase/ (decrease) in cash held | | (1,673) | (1,673) |
| 1.21 | Cash at beginning of quarter/year to date | 2,511 | 2,511 |
| 1.22 | Exchange rate adjustments to item 1.21 | 2 | 2 |
| 1.23 | Cash at end of quarter | 840 | 840 |

Note

* Proceeds from the final share of Dyepower 0.5% interest disposal.

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 | 112 |
| 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 | 92 |
| | - Marketing services provided by directors and related entities | 12 |
| | - Technical services provided by directors and related entities | 8 |

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 |
| 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 |

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# | 250 | 500 |
| 3.2 | Credit standby arrangements | NIL | NIL |

A bridging loan facility to draw down up to \$750,000 with security over selected assets of the Company. Interest accrues daily at 10.0 % per annum until the repayment date. The facility has been provided by an entity associated with Mr Richard Caldwell, a director of the Company. The loan was fully repaid in October 2012.

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 | 840 | 1,011 |
| 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) | | 840 | 2,511 |

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 give a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2012

Print name:

Richard Caldwell, *Executive Chairman*