

## 2nd Quarter FY 2013 – Quarterly Report & Appendix 4C

31 January 2013

### AGM Highlights

The 30 November 2012 Annual General Meeting had the highest level of shareholder participation ever, with well over double the average number of votes being received by the submission deadline. Key outcomes of the meeting were the re-election of Director Ian Neal, non-re-election of Director Sylvia Tulloch, and the approval of an additional 10% share issue capacity which refreshes the Company's ability to raise capital through share issuance. Also approved by shareholders were the ratification of the prior issue of shares during the year, the appointment of Grant Thornton as our new auditor, and the adoption of the Remuneration Report. Changes at the Board will assist the Board to further lower costs, streamline operations, improve collaboration and unity, and put the business' operations and strategy on a more professional footing. The commitment and focus of the Board for 2013 is on supporting the near term commercialisation of the Company's technology platform.

### R&D Activity

Cost cutting and negative operating results dominated the scene for many in the photovoltaic industry around the world last year and the situation was no different for Dyesol during Q2. Despite cost pressure and the difficult market environment we confronted, our research activity on the Company's key focus areas of the Technology Road Map continued as planned. The R&D teams are focused on improving DSC performance efficiency, reducing cost, and improving device longevity/durability.

During the quarter, Dyesol cemented its plans with Singapore's Nanyang Technological University (NTU) to collaborate on solid state Dye Solar Cell (DSC) research and commercialisation with the parties working through an overarching plan of attack, defining roles and responsibilities. This culminated in the formal signing of the Research Collaboration Agreement in Singapore in late January. There are various applications for DSC technology where a solid state system is better suited than a liquid based electrolyte system. The DSC collaboration with NTU is a two plus year activity with the principal focus being the development of industrially scalable and commercially feasible solutions for solid state dye-sensitised solar cells and variants. Through this arrangement Dyesol will have access to IP generated in this rapidly emerging technology to introduce into existing projects or new applications. The arrangement will enable a considerable leverage of the resources Dyesol is able to commit to this activity. Dyesol is also in discussion with NTU on commercial applications involving DSC and the enabling IP generated during the collaboration. While we don't consider solid state DSC to be key to achieving our commercialisation goals in steel or glass based applications, it represents an important improvement to the technology and in the long term will translate into more durable and longer lasting product.

R&D work during the second quarter at the Company's overseas subsidiaries in the USA and UK continued during the period, however, without major announcements or breakthroughs announced between November and January. In South Korea, at the Company's joint venture with Timo-Technologies, investigations are underway into expanding and supporting the joint venture which produced the DSC tiles for the large scale DSC photovoltaic powered windows installed at the Seoul City Government's Human Resource Development Centre earlier in 2012. Evaluation and testing of the windows performance and durability is underway.

### Financials

The second quarter net operating monthly cash flows (Sec 1.8) showed a steady average burn rate of \$620k (adjusted for the R&D Tax rebate of \$2.957m) which is a significant reduction from same period of the previous year with an

average monthly burn rate of \$903k. As highlighted in the last quarter, the Company restructuring is helping to ensure that expenditure is effectively being targeted to priority activities and that 'non-core' functions and activities are minimised to reduce non-productive expenditure.

Total operating and investing cash burn for the year to date totalled \$1.5m, assisted by the R&D Tax Incentive rebate of \$2.95m received during the quarter. The Company average burn rate (Sec.1.14) for the half-year to date was \$742k per month after adjustment for the R&D Tax Incentive rebate (2011: \$1.1m per month average). The cash reserves at 31 December 2012 were \$1.1m.

The Company continues to investigate a number of strategic investment opportunities to strengthen its balance sheet reserves and provide financial stability to underpin our core R&D technological activities that are crucial to the commercial success of the Company.

Dyesol is in latter stage discussion with one strategic investor, in particular, with detailed negotiations advancing favourably. As a world-class chemicals company, the investor is motivated by the opportunity to secure access to the growth opportunity of DSC and contract materials supply. Such is the detail, information exchange and documentation, Dyesol expects to announce the investment within the next 4 weeks. At the present time, the investment is expected to be in 2 tranches, with the first tranche providing sufficient funds to significantly eliminate the prospect of any further dilution to Dyesol shareholders during 2013. With a number of key milestones expected during that period, there is an excellent prospect of capital growth for existing shareholders. It is also important to consider that new government funding programmes for "clean energy" that commence during the period may also be available to Dyesol.

Finally, the Company is negotiating a bank facility to advance an agreed percentage of the eligible R&D tax rebate for R&D expenditure undertaken during the financial year. All these measures seek to minimise shareholder dilution and optimise management of cash-flow. In past years, this rebate was only available after the end of the financial year and required the Company tax return to be lodged and processed.

The Dyesol directors believe that measures taken are in the best interests of shareholders and demonstrate prudent management of financing risk.

#### 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 ([D5L.F](#)), and is trading on the OTCQX ([DYSOY](#)) through its depository BNY Mellon. Learn more: [www.dyesol.com](http://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:

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## 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")

**31 DECEMBER 2012**

#### Consolidated statement of cash flows

Cash flows related to operating activities		Oct12 to Dec12 Quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	319	692
1.2	Payments for		
	(a) staff costs	(1,165)	(2,617)
	(b) advertising and marketing	(72)	(170)
	(c) research & development & other working capital	(969)	(1,874)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	44
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes received/(paid) (R&D Tax rebate)	2,957	2,957
1.7	Other (R&D grant received)	16	142
<b>Net operating cash flows</b>		<b>1,097</b>	<b>(829)</b>

		Oct12 to Dec12 Quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	1,097	(829)
<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	(11)	(37)
	(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)	(301)	(630)
	<b>Net investing cash flows</b>	<b>(312)</b>	<b>(667)</b>
1.14	<b>Total operating and investing cash flows</b>	<b>785</b>	<b>(1,496)</b>
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares, options, etc (net)	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	500
1.18	Repayment of borrowings	(500)	(500)
1.19	Dividends paid	-	-
1.20	Other provide details (if material) *	-	108
	<b>Net financing cash flows</b>	<b>(500)</b>	<b>108</b>
	<b>Net increase/ (decrease) in cash held</b>	<b>285</b>	<b>(1,388)</b>
1.21	Cash at beginning of quarter/year to date	840	2,511
1.22	Exchange rate adjustments to item 1.21	4	6
1.23	<b>Cash at end of quarter</b>	<b>1,129</b>	<b>1,129</b>

**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	191
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	179
	- Marketing services provided by directors and related entities	7
	- Technical services provided by directors and related entities	5

**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	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	1,129	840
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>1,129</b>	<b>840</b>

## 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 January 2013

Print name:

Richard Caldwell, *Executive Chairman*