

## 2nd Quarter FY 2014 – Quarterly Report & Appendix 4C

### Second Quarter Highlights

#### Corporate and Operational Progress

Shareholders will soon receive a Notice of Meeting for an Extraordinary General Meeting to be held on March 5 at Queanbeyan. At the Meeting the Company is seeking shareholder approval to proceed with the proposed Tasnee investment. The Notice also includes an Independent Expert's Report. It is important to emphasise that the valuations do not reflect the considerable commercial potential of the company. Similar to the heavy restrictions placed on prospectus forecasts, the valuations referred to in the document are expressly very conservative and based on a methodology of net asset valuation, wholly inappropriate for valuing the long-term financial prospects of a sophisticated technology company. None the less, these are the ASIC guidelines under which the expert must operate. The Tasnee investment is an important capital injection that will help accelerate our commercialisation activity and maintain our first mover advantage.

On another important financial front, we have moved to the next and final stage of a very significant Australian government assistance application and we are hopeful of it being successful.

Although material and equipment revenues have been soft, we expect significant improvement during the quarter. Importantly, we will soon release a solid-state materials catalogue to strongly supplement material sales. We are the first global materials manufacturer to take this innovative step. Manufacture and external sales are an important step in the validation of materials for scale-up and mass manufacture of BIPV products. So the benefits are more than just monetary. In addition, we are beginning to sell silver inks in larger quantities and this will help lower our monthly burn rate. Novel conductive silver inks can be sold for purposes beyond the solar market and are principally suited for use in the wider electronics industry.

We were particularly gratified to be named Australia's Coolest Company for 2013 in November by Anthill Magazine. Over 900 companies competed for this accolade. In taking the top award, Dyesol won the sub-category of being named Australia's most innovative company.

#### Manufacturing Collaborations

The advent of solid-state DSC, which is now widely regarded as the most exciting development in photovoltaics, has allowed Dyesol to consolidate much of its diverse global commercialisation activities into the UK. A Heads of Terms has now been agreed with SPECIFIC and we will begin work at Swansea almost immediately on an advanced commercialisation project. The key partners in SPECIFIC include the University of Swansea, BASF, Pilkington and Tata Steel.

#### Research and Development

This is the most exciting area of immediate activity as we work closely with EPFL and NTU for the scale-up of the new solid-state material set. Unofficial conversion efficiencies of greater than 17% are now being achieved within the EPFL's wider collaborative group. We are also very active in further IP creation in key areas such as sealing, organic hole conductors and new perovskites. Much of the new activity is occurring in Lausanne where we are relocating 3 staff, including the Chief scientist, Dr Hans Desilvestro who joins us as a full-time employee after many years as a consultant. This is all part of our strategy to create an expressway from the laboratory to the factory. Confirmation of the material set for demonstration product is aimed to be finalised by calendar year end.

## Financials

The second quarter gross operating monthly cash flows (Sec 1.8) showed an average burn rate of \$825k. The net figure was approximately \$600k, adding back R&D tax rebate. Total operating and investing cash burn for the year to date was \$2.3m (Sec.1.14) including the receipt for the FY2013 R&D Tax Incentive rebate of \$2.8m. The Company has adopted AASB 11 Joint Arrangements during the half year reporting as joint ventures are now accounted for using the equity method. During the quarter, the Company acquired 323,000 of its own shares on market at cost of \$112k for the purpose of making awards under the Group's employee performance rights scheme, and these shares have been classified in the balance sheet as treasury shares (Sec 1.19) within equity.

Cash balances as at end of the year totalled \$2.7m.

## About Dyesol Limited

Dyesol is a renewable energy company and leader in Solid State Dye Solar Cell (ssDSC) technology - a 3rd Generation photovoltaic technology that can be applied to glass, metal, polymers or cement. Dyesol manufactures and supplies high performance materials and is focussed on the successful commercialisation of ssDSC photovoltaics. It is a publicly listed company: Australian Securities Exchange (ASX: DYE), German Open Market (FWB: D5I), and the USA's OTC Market (OTCQX: DYSOY). Learn more at [www.dyesol.com](http://www.dyesol.com) and [subscribe](#) to our mailing list in English or German.

## About Dye Solar Cell Technology

Solid State Dye Solar Cell (ssDSC) technology is a photovoltaic technology based on applying low cost materials in a series of ultrathin layers encapsulated by protective sealants. Dyesol's technology has lower embodied energy in manufacture, produces a stable electrical current, and has a strong competitive advantage in low light conditions relative to 1st and 2nd Generation PV technologies. The technology can be directly integrated into the building envelope to achieve highly competitive building integrated photovoltaics.

The key material layers include an inorganic halide-based perovskite light absorber, a nano-porous metal oxide of titanium dioxide, and an organic semiconductor. Light striking the sensitiser promotes an electron into the excited state, followed by a rapid electron transfer and collection by the titania layer. Meanwhile the remaining positive charge is transferred to the organic semiconductor, thereby generating an electrical current.

- Ends -

## 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 2013**

#### Consolidated statement of cash flows

Cash flows related to operating activities		Oct13 to Dec13 Quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	203	300
1.2	Payments for		
	(a) staff costs	(1,227)	(2,302)
	(b) advertising and marketing	(91)	(148)
	(c) research & development	(143)	(301)
	(d) leased assets	(164)	(345)
	(e) other working capital	(1,088)	(2,044)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	46
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes received/(paid) (R&D Tax rebate)	-	2,841
1.7	Other	-	-
	<b>Net operating cash flows</b>	<b>(2,475)</b>	<b>(1,953)</b>

		Oct13 to Dec13 Quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	(2,475)	(1,953)
<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	(3)	(4)
	(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)	(139)	(373)
	<b>Net investing cash flows</b>	<b>(142)</b>	<b>(377)</b>
1.14	<b>Total operating and investing cash flows</b>	<b>(2,617)</b>	<b>(2,330)</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	-	-
1.18	Repayment of borrowings	-	-
1.19	Treasury shares purchased	(112)	(112)
1.20	Dividends paid	-	-
1.21	Other provide details (if material)	-	-
	<b>Net financing cash flows</b>	<b>(112)</b>	<b>(112)</b>
	<b>Net increase/ (decrease) in cash held</b>	<b>(2,729)</b>	<b>(2,442)</b>
1.22	Cash at beginning of quarter/year to date	5,392	5,102
1.23	Exchange rate adjustments to item 1.21	13	16
1.24	<b>Cash at end of quarter</b>	<b>2,676</b>	<b>2,676</b>

**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
1.25	Aggregate amount of payments to the parties included in item 1.2	173
1.26	Aggregate amount of loans to the parties included in item 1.11	-
1.27	Explanation necessary for an understanding of the transactions	
	<u>1.25</u> Directors and associates remuneration	173

**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.*

		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	476	192
4.2	Deposits at call	2,200	5,200
4.3	Bank overdraft		
4.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.24)</b>		<b>2,676</b>	<b>5,392</b>

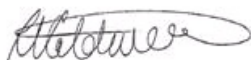
## Acquisitions and disposals of business entities

		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 2014

Print name:

Richard Caldwell, *Executive Chairman*