

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 SEPTEMBER 2006

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	130	130
1.2 Payments for (a) staff costs ¹	(2,467)	(2,467)
(b) advertising and marketing ²	(224)	(224)
(c) research and development ³	(776)	(776)
(d) leased assets	-	-
(e) other working capital	(824)	(824)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1,002	1,002
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
- Net GST Received/(Paid)	161	161
- Export Market Development Grant received	-	-
- Sundry income received	-	-
Net operating cash flows	(2,998)	(2,998)

Notes

1. 'Staff costs' includes all company labour and associated headcount costs, and therefore incorporates all Research & Development (R&D) 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 development' costs includes all R&D costs as defined in Note 1(e) to the Financial Statements for the year ended 30 June 2006, but excludes all R&D staff costs (as per note 1 above).

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admitted on the basis of commitments

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	(2,998)	(2,998)
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	(1,413)	(1,413)
	(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	-	-
	Net investing cash flows	(1,413)	(1,413)
1.14	Total operating and investing cash flows	(4,411)	(4,411)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other - Financial assets: Net proceeds/(Net payments)	(3,095)	(3,095)
	Other - Share issue costs	-	-
	Net financing cash flows	(3,095)	(3,095)
	Net increase (decrease) in cash held	(7,506)	(7,506)
1.21	Cash at beginning of quarter/year to date *	11,367	11,367
1.22	Exchange rate adjustments on foreign currency cash balances	(81)	(81)
1.23	Cash at end of quarter	3,780	3,780

* Under Australian equivalents to International Financial Reporting Standards (AIFRS), the company's investments are no longer classified as cash or cash equivalents, but as available-for-sale financial assets. Hence 'Cash at beginning of quarter/year to date' has been reduced by \$74,749k (being the value of investments as at 30 June 2006) to reflect this revised definition. The net proceeds/(payments) from the disposal and purchase of the company's investments are to be found at item 1.20 above.

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	33
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' Fees

Cash payments for directors' fees totalled \$33k for the quarter and for the year to date.

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	-	-

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	595	159
4.2 Deposits at call	3,001	11,025
4.3 Bank overdraft	-	-
4.4 Other		
- Security deposits	184	183
Total: cash at end of quarter (item 1.23)	3,780	11,367

* Refer above comment regarding investments now being excluded from the definition of cash and cash equivalents.

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	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

- 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: 30 October 2006

Print name: David Carruthers
 Director

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.