



Monday 24 October 2011

**Ceramic Fuel Cells Limited**  
**Quarterly Cashflow Report**

Ceramic Fuel Cells Limited (AIM / ASX: CFU) a leading developer of high efficiency and low emission power products for homes and other buildings, today released its quarterly cashflow report for the period ended 30 September 2011.

The cashflow report is available at [www.cfcl.com.au](http://www.cfcl.com.au).

**Highlights**

- Group has now received orders for over 500 units.
- Current open order book – 430 units.
- Receipts from customers up 130 percent compared to Q1 FY11.
- Working capital requirements increasing to meet sales demand.

**Commentary**

Receipts from customers for the June quarter were AUD 1.2m (GBP 0.8m) which was similar to last quarter but 130 percent higher than the corresponding quarter last year. At the end of September 2011 the Group has received orders for over 500 units and the open order book stood at 430 units (made up of 190 integrated mCHP units and 240 BlueGen units). The Group currently has over 90 systems operational across 9 countries.

Net operating cash outflow for the September quarter was AUD 5.5m (GBP 3.6m). This reflects an ongoing increase in the working capital requirements of the business with inventory increasing by AUD 1.8m (GBP 1.2m). The increase in Inventory is being used to meet current open orders and expected future orders. The increasing inventory purchases are in line with the strategy to achieve economies of scale in purchasing as production increases, resulting in significant reductions in the unit price for the majority of components. This allows the Group to protect gross margins as larger volume orders are negotiated.

During the quarter the cash outflow from investing activities was AUD 0.4m (GBP 0.2m) specifically for capital expenditure payments in Australia and Germany.

Total cash outflow for the quarter was AUD 5.9m (GBP 3.8m).

Cash at 30 September 2011 was AUD 13.8m (GBP 9.0m)

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**For further information please contact:**

**Ceramic Fuel Cells**

Andrew Neilson

Tel: +613 9554 2300

Email: [investor@cfcl.com.au](mailto:investor@cfcl.com.au)

**Nomura Code Securities (AIM Nomad)**

Juliet Thompson, Chris Golden

Tel: +44 (0) 207 776 1200

**Australia Media enquiries**

Richard Allen, Oxygen Financial Public Relations

Tel: +613 9915 6341

**UK Media enquiries**

Mark Way

Tel: +44 (0) 7786 116 991

Email: [Mark.W@harvardamerica.com](mailto:Mark.W@harvardamerica.com)

**German Media enquiries**

Alex Seiler, Hering Schuppener Consulting

Tel: +49 (0) 69 9218 7454

Email : [aseiler@heringschuppener.com](mailto:aseiler@heringschuppener.com)

**About Ceramic Fuel Cells Limited:**

Ceramic Fuel Cells Limited is a world leader in developing fuel cell technology to generate highly efficient and low-emission electricity from widely available natural gas.

Ceramic Fuel Cells is developing fully integrated power and heating products with leading energy companies E.ON UK in the United Kingdom, GdF Suez in France and EWE in Germany.

Ceramic Fuel Cells has also sold more than 300 BlueGen gas-to-electricity generators to major utilities and other foundation customers in Germany, France, the United Kingdom, Switzerland, The Netherlands, Italy, Japan, Australia and the USA.

Ceramic Fuel Cells recently won the 2010-11 DuPont Design for a Sustainable Future innovation award and the Microgeneration UK 2011 Technical Innovation Award. The company is listed on the London Stock Exchange AIM market and the Australian Securities Exchange (code CFU).

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[www.cfcl.com.au/register](http://www.cfcl.com.au/register)***

# 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 2011**

### 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	1,245	1,245
1.2 Payments for		
(a) staff costs <sup>1</sup>	(2,636)	(2,636)
(b) advertising and marketing <sup>2</sup>	(253)	(253)
(c) research and product development <sup>3</sup>	(521)	(521)
(d) leased assets	-	-
(e) other working capital	(3,320)	(3,320)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(25)	(25)
1.6 Income taxes paid	-	-
1.7 Other		
- Net GST/VAT Received/(Paid)	(23)	(23)
- Sundry income received	18	18
<b>Net operating cash flows</b>	<b>(5,515)</b>	<b>(5,515)</b>

#### Notes

1. 'Staff costs' includes all labour and associated headcount costs, and therefore incorporates all Research & Product Development (R&PD) 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 product development' costs includes all R&PD costs as defined in Note 1(e) to the Financial Statements for the year ended 30 June 2011, but excludes all R&PD staff costs (as per note 1 above).

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(5,515)</b>	<b>(5,515)</b>
<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	(380)	(380)
(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 – Security deposits decreased (increased)	2	2
<b>Net investing cash flows</b>	<b>(378)</b>	<b>(378)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(5,893)</b>	<b>(5,893)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(68)	(68)
1.19 Dividends paid	-	-
1.20 Other - Financial assets: Net proceeds/(Net payments) <sup>1</sup>	-	-
Other - Share issue costs	-	-
Other - Interest received	102	102
<b>Net financing cash flows</b>	<b>34</b>	<b>34</b>
<b>Net increase (decrease) in cash held</b>	<b>(5,859)</b>	<b>(5,859)</b>
1.21 Cash at beginning of quarter/year to date	19,057	19,057
1.22 Exchange rate adjustments on foreign currency cash balances	576	576
<b>1.23 Cash at end of quarter <sup>2</sup></b>	<b>13,774</b>	<b>13,774</b>

1. The net proceeds from/(payments for) the disposal and purchase of the company's investments are at item 1.20
2. 'Cash at end of quarter' includes A\$3,268,808 pledged as security for bank guarantees, and so is unavailable for use by the Group.

**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	94
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Item 1.24 - Directors' fees.	

**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
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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

NIL
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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	-	-
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	10,505	12,803
4.2 Bank term deposits:		
- up to 3 months duration	773	6,254
- between 3 and 12 months duration	2,496	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total: cash at end of quarter</b> <sup>1</sup> (item 1.23)	<b>13,774</b>	<b>19,057</b>

1. 'Cash at end of quarter' as at 30 September 2011 includes A\$3,268,808 pledged as security for bank guarantees, and so is unavailable for use by the Group.

### 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

- 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.
- This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: [ ] October 2011

Print name: Janine Hoey  
 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.