



ASX/MEDIA RELEASE

Australian Power & Gas forecasts: Revenues of \$380 – 410 million, EBITDAF of \$36 – 40 million, Underlying NPAT of \$10 – 12 million and 400,000 – 415,000 customer accounts, for FY12.

Sydney, 27 April 2011 – Australian Power & Gas (ASX: APK), is pleased to confirm the success of its aggressive growth strategy and release its FY12 forecast.

The forecast for FY12 is as follows:

- Customer accounts: 400,000 – 415,000
- Revenues: \$380 – 410 million
- EBITDAF: \$36 – 40 million
- Underlying NPAT: \$10 – 12 million

The Company confirms its full-year forecast for FY11 as follows:

- Customer accounts: 260,000 (up from 250,000)
- Revenues: \$200 – 220 million
- EBITDAF: \$21 – 23 million
- Underlying NPAT: \$3.5 – 4.5 million

“Since last June we have seen record new sign-ups as we continue to grow at some of the fastest rates in our industry,” said Chief Executive Officer James Myatt. “The Australian Power and Gas products are selling strongly in all markets, leading to the greater than expected acquisition result this financial year and the strong FY12 forecast we have released today”.

The company recently boosted its offering to include gas in New South Wales, making it a dual power supplier to residential households in Victoria, New South Wales and Queensland. In recent months about 30% of new customer acquisitions came from New South Wales and about 20% from Queensland.

The Appendix 4C for the three months ended 31 March, is also attached with this announcement. Cash flow in the quarter reflected the costs associated with acquiring new customers at above-budget rates, the seasonal impact on customer payments in the quarter, and increase in credit support to the Australian Energy Market Operator to support record growth. It is in line with budget forecasts.

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Australian
Power & Gas

Australian Power & Gas is building a national footprint through its expertise in marketing directly to households, and by offering a superior service and overall customer experience. The company's direct marketing formula, which includes face to face sales, telemarketing and on-line marketing, has proved very successful.

Mr Myatt said: "Our ability to work our channels is as good as any of our larger competitors. Our forecast numbers released today show the business is in full-scale growth and has moved past its inflection point ready to deliver a strong profit. "

ENDS

For further information please contact:

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About Australian Power & Gas

Australian Power & Gas Company Ltd (ASX:APK) is an independent ASX listed energy retailer. Australian Power & Gas holds a full suite of gas and electricity retail licences in Victoria, New South Wales, ACT, South Australia and Queensland and has been approved to operate by AEMO, the Australian Energy Market Operator. Australian Power & Gas was announced as the fastest starting company in the 2010 Business Review Weekly Annual Fast Starters List and was placed number 1 on the Business Review Weekly Fast100 list for 2010.

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Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

AUSTRALIAN POWER AND GAS COMPANY LIMITED

ABN

96 077 206 583

Quarter ended (“current quarter”)

31 March 2011

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter (3 months) \$A'000 | Year to date (9 months) \$A'000 |
|---|---|---|--|
| 1.1 | Receipts from customers | 43,191 | 148,217 |
| 1.2 | Payments for | | |
| | (a) staff costs | (2,200) | (7,385) |
| | (b) advertising and marketing | (295) | (1,227) |
| | (c) research and development | - | - |
| | (d) leased assets | - | - |
| | (e) other working capital | (47,612) | (151,645) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 189 | 639 |
| 1.5 | Interest and other costs of finance paid | (1,144) | (6,017) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| Net operating cash flows | | (7,871) | (17,418) |

+ See chapter 19 for defined terms.

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

| | Current quarter (3 months) \$A'000 | Year to date (9 months) \$A'000 |
|--|--|---------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (7,871) | (17,418) |
| 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 | (633) | (1,167) |
| (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 - restricted cash | | |
| - deposits | (1,144) | (2,032) |
| Net investing cash flows | (1,777) | (3,199) |
| 1.14 Total operating and investing cash flows | (9,648) | (20,617) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc | - | 15,518 |
| 1.16 Proceeds from sale of forfeited shares | - | - |
| 1.17 Proceeds from borrowings | 2,600 | 10,300 |
| 1.18 Repayment of borrowings | - | (3,513) |
| 1.19 Dividends paid | - | - |
| 1.20 Other (provide details if material) | - | (900) |
| Net financing cash flows | 2,600 | 21,405 |
| Net (decrease)/increase in cash held | (7,048) | 788 |
| 1.21 Cash at beginning of quarter/year to date | 13,299 | 5,463 |
| 1.22 Exchange rate adjustments to item 1.20 | | |
| 1.23 Cash at end of quarter | 6,251 | 6,251 |
| Cash at end of quarter excludes cash on deposit of \$5,272,000 held as security for bank guarantees issued. | | |

+ See chapter 19 for defined terms.

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 | 2,570 |
| 1.25 Aggregate amount of loans to the parties included in item 1.11 | - |
| 1.26 Aggregate amount of loans from the parties included in item 1.17 | - |

1.26 Explanation necessary for an understanding of the transactions

Item 1.2 includes:

- \$2,510,000 paid to related entities of The Cobra Group Pty Limited, an entity with a 21.29% interest in the share capital of the company, for services rendered in relation to customer acquisition in accordance with their contract of service.
- \$60,000 (plus GST) paid to Arthur Phillip Pty Limited, a related entity of Mr Richard Poole a director of the company, for the provision of financial advisory services in accordance with their contract of service. The fees were paid for general advisory services.

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 | Not applicable |
| 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 | n/a |

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 | | |
| - convertible note | 4,000 | 4,000 |
| - revolving debt facility (1) | 34,400 | 34,400 |
| - loan | 2,700 | 2,700 |

(1) Refer to ASX release dated 22 June 2007 in relation to a secured debt facility. The facility has a limit of \$50,000,000. The available balance is calculated in relation to outstanding receivables from customers. The amount that can be drawn is limited to a maximum of 90% of the balance owed, after deduction of allowances for overdue debts and other contingencies.

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

Reconciliation of cash

| | | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|--------------------------|----------------------------|-----------------------------|
| 4.1 | Cash on hand and at bank | 11,523 | 14,157 |
| 4.2 | Deposits at call | - | - |
| 4.3 | Bank overdraft | - | - |
| 4.4 | Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | | 11,523 | 14,157 |
| Cash at end of quarter excludes cash held on deposit of \$5,272,000 held as security for bank guarantees issued. | | | |

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 gives a true and fair view of the matters disclosed.

27/4/11

David Franks
 Company Secretary

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