



ASX - MEDIA RELEASE

Australian Power & Gas reports over \$100m first-half revenue, 200,000 customers, and reaffirms FY11 guidance

Sydney, 28 January 2011 – Independent energy retailer, Australian Power & Gas (ASX: APK), today released its preliminary results for the first half of FY11 and reaffirmed guidance for the full year.

The result showed a strong performance following the company's decision to expand marketing into the Queensland and New South Wales markets.

Highlights include:

- Customer accounts: 203,000, an increase of 40% since June 2010
- Revenue: \$101.6 million, an increase of 67% on the p.c.p (prior year)
- EBITDAF*: \$10.9 million, an increase of 70% on the p.c.p
- Underlying NPAT: \$2.2 million, an increase of 200% on p.c.p

*Earnings before interest, tax, depreciation, amortisation and financial instruments

"The underlying results show that the company is now in full growth mode and also delivering results to the bottom line," said James Myatt, CEO of Australian Power & Gas.

"The additional work we have done during the last six months to strengthen the capital structure and ensure adequate funding for our growth sets a strong platform for continued growth," Mr Myatt said.

The underlying NPAT excludes changes in hedge valuations and abnormal items. Accounting standards now dictate that the financial hedges that are used to mitigate whole energy purchase risks must be measured at the end of each accounting period on a mark-to-market basis and be included in the income statement. Whilst this is required by accounting standards, the company does not actually close out its forward positions and the measurement is only representative of the company's positions in the event they were closed at that point.

As with other energy companies, Australian Power & Gas will now report in line with this practice in its forthcoming final results. The final statutory results will be confirmed following an audit review in February.

Australian Power and Gas Company Limited
ABN 96 077 206 583

Level 9, 341 George Street
Sydney NSW 2000

Address all mail to:
Locked Bag 5004
Royal Exchange NSW 1225

Ph: 02 8908 2700
Fax: 02 8908 2701

www.australianpowerandgas.com.au



During the first half the company completed a significant capital program to support its accelerated growth into Queensland and New South Wales. The program involved raising \$15 million of new capital, converting \$6.3 million of convertible notes into capital, and collapsing a \$12.6 million convertible note facility. The costs of this program will have a one-off \$1.1 million impact on the statutory result, when reported.

The company's Board also reaffirmed its previous guidance for FY11 of:

- Customer accounts: 250,000
- Revenues: \$200 - \$220 million
- EBITDAF: \$21 - \$23 million
- Underlying NPAT: \$3.5 - \$4.5 million

The company today also released its 4C cash flow statement for the December quarter, showing a positive underlying operating cash flow for the first half of \$2.4 million (see today's investor update p10 for reconciliation). Guidance for the full year is for positive \$9 million, reflecting the continued strengthening of the company. Cash at hand for the end of December was \$14.1 million, excluding \$4.1 million of cash on deposit used for credit guarantees.

ENDS

For further information please contact:

James Myatt
Australian Power & Gas
02 8908 2700

Stuart Kelly
Sefiani Communications Group
02 8920 0700 / 0421 108 691

About Australian Power & Gas

Australian Power & Gas Company Ltd is listed on the Australian Stock Exchange (ASX) under the code APK. 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. The company benefits from a strong management team with more than 50 years combined experience in the energy industry. 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.

Australian Power and Gas Company Limited
ABN 96 077 206 583

Level 9, 341 George Street
Sydney NSW 2000

Address all mail to:
Locked Bag 5004
Royal Exchange NSW 1225

Ph: 02 8908 2700
Fax: 02 8908 2701

www.australianpowerandgas.com.au