ASX RELEASE

Australian Power & Gas achieves 272,000 net accounts in FY11

- ***Net customer accounts rise 88% on previous year***
- ***Record new sign-ups in last quarter of FY11***
- ***Positive underlying cash flow in Q4***

Sydney, 29 July 2011 – Independent energy retailer, Australian Power & Gas Company Limited (ASX: APK), today announced it achieved 272,000 net customer accounts at the end of June 2011 – an 88 percent increase on the prior year, and 22,000 accounts ahead of original forecasts.

"We added 127,000 net customer accounts in the last financial year, with 36,000 new customers in the last three months alone," said James Myatt, CEO of Australian Power & Gas. "This continues our very impressive growth trajectory and sets a solid foundation for achieving our fiscal 2012 target of between 400,000 and 415,000 customer accounts."

The company today also released its Appendix 4C report for the three months to 30 June 2011. The attached quarterly report shows record new customer sign-ups in the last three months of the financial year was reflected in cash flow as Australian Power & Gas focuses on expanding its footprint across the eastern seaboard.

Underlying cash flow was positive $2.8 million for the quarter, adjusted for the cost of growth and deposits and allowing for prepayments placed as guarantees.

The table below shows the reconciliation to the Appendix 4C.

	3 months to June 11 $'000
Reported operating & investing cash flow	($12,636)
Adjustments for items included in operating cash flow	
Costs of customer acquisition paid	$6,866
Prepayments & cash credit support	$7,687
Net finance costs	$961
Underlying operating cash flow	$2,877
Customer acquisition costs	
Stay in business	$1,687
Growth	$5,179
	$6,866

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

About Australian Power & Gas:

Australian Power & Gas Company Limited (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 2011 Business Review Weekly Annual Fast Starters List for a second year in a row, and was placed number 1 on the Business Review Weekly Fast100 list for 2010.

For further INFORMATION please contact:

James Myatt
Australian Power & Gas
02 8908 2700

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

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	Quarter ended ("current quarter")
96 077 206 583	30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter (3 months) $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers	51,389	199,606
1.2	Payments for (a) staff costs	(1,816)	(9,201)
	(b) advertising and marketing	(566)	(1,793)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(57,026)	(208,671)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	308	947
1.5	Interest and other costs of finance paid	(1,269)	(7,286)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	**(8,980)**	**(26,398)**

+ See chapter 19 for defined terms.

		Current quarter (3 months) $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**(8,980)**	**(26,398)**
	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	(446)	(1,613)
	(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	(3,210)	(5,242)
	Net investing cash flows	**(3,656)**	**(6,855)**
1.14	**Total operating and investing cash flows**	**(12,636)**	**(33,253)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc	5,000	20,518
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	12,800	23,100
1.18	Repayment of borrowings	-	(3,513)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	(900)
	Net financing cash flows	**17,800**	**39,205**
	Net (decrease)/increase in cash held	**5,164**	**5,952**
1.21	Cash at beginning of quarter/year to date	6,251	5,463
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	**11,415**	**11,415**
	Cash at end of quarter excludes cash on deposit of $8,485,000 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	2,397
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:
- $2,337,000 paid to related entities of The Cobra Group Pty Limited, an entity with a 19.79% 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 and substantial shareholder 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)	50,000	47,000
	- 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.

+ See chapter 19 for defined terms.

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	11,415	6,251
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22) Cash at end of quarter excludes cash held on deposit of $8,485,000 held as security for bank guarantees issued.	11,415	6,251

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.

29/7/11

David Franks
Company Secretary

+ See chapter 19 for defined terms.