



ASX RELEASE

31 January 2007

Australian Power and Gas Company Limited (APK) Appendix 4C – 31 December 2006

Please find attached the APK Appendix 4C for the quarter ended 31 December 2006.

As announced previously, the \$12m capital raising under the prospectus dated 17 November 2006 was successfully completed by the Company. The shares from this raising were allotted on 8 January 2007 therefore the funds from this raising are not included in the quarterly report for the 31 December 2006 period.

- ENDS -

For further information please contact:

David Franks – Company Secretary

Ph: 02 9419 2966

Fax: 02 9419 2944

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 DECEMBER 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	69	188
1.2 Payments for		
(a) staff costs	(153)	(201)
(b) advertising and marketing	(92)	(95)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(284)	(583)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	36
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	-
Net operating cash flows	(443)	(656)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(443)	(656)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(686)	(789)
(c) intellectual property	(563)	(563)
(d) physical non-current assets	(129)	(129)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	250	250
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	521	-
1.12 Loans repaid by other entities	-	147
1.13 Other (provide details if material)	(202)	(202)
Net investing cash flows	(809)	(1,286)
1.14 Total operating and investing cash flows	(1,252)	(1,942)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	265	280
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	223	223
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(58)	(78)
Net financing cash flows	430	425
Net increase (decrease) in cash held	(822)	(1,517)
1.21 Cash at beginning of quarter/year to date	916	1,611
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	Refer below 94	Refer below 94

NOTE The company successfully closed its prospectus dated 17 November 2006, in the amount of \$12,000,000. The shares under this prospectus were allotted in January 2007. The funds from this raising are not included in the Appendix 4C for this period.

+ 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	68
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	

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

n/a

- 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	Refer Below
3.2	Credit standby arrangements	Refer Below

The Company has negotiated an agreement on commercial terms with a major US based financial institution for the provision of up to AS\$100m by way of a working capital finance facility. A term sheet has been agreed, signed and documentation is proceeding. For a full copy of this announcement, please refer to the ASX release dated 18 October 2006.

+ See chapter 19 for defined terms.

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

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	Refer below 94	916
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		Refer below 94	916

<p>NOTE The company successfully closed its prospectus dated 17 November 2006, in the amount of \$12,000,000. The shares under this prospectus were allotted in January 2007. The funds from this raising are not included in the Appendix 4C for this period.</p>
--

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	

+ See chapter 19 for defined terms.

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:Original Signed..... Date:31/1/07.....
Company Secretary

Print name:David Franks.....

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.

+ See chapter 19 for defined terms.