

CBD ENERGY LIMITED

AGM 2009, CHAIRMAN'S ADDRESS

Ladies and Gentlemen

Welcome to the Annual Meeting of CBD Energy Limited. It is a little over a year ago since I became Chairman of CBD and it is pleasing to report considerable progress in the company's development since then.

While ostensibly the purpose of an AGM is to report on the previous year, evidence of the real transformation of CBD into a diversified renewable energy company has taken place in the months since balance date and in particular in recent days.

Eco-Kinetics

The acquisition CBD announced on Monday, of buying the eco-Kinetics business, really is a company transforming deal. Eco-Kinetics is a well managed business which is profitable and produces revenue of \$40 million a year from providing professional engineering solutions to enable people to use wind and solar power more effectively.

The combination of eco-Kinetics within CBD, to provide a broader range of engineering skills and a retail and commercial customer base spread throughout Australia and the Pacific, adds considerably to CBD's project capabilities.

Considerable cost savings initiatives are underway where work previously outsourced will now be done in-house. We will report back when our Group operational review is complete.

Business building

However, while this acquisition does transform CBD into a different company it would not have been possible without the lead up of months of hard work and the business building of the past year.

What Gerry and his team have been doing over the last couple of years is to put the skeleton together. What you are seeing now is the meat being put on the bones.

Capital raising despite the GFC

Like many companies, CBD was not immune from the global financial crisis. Its effects slowed the pace of our progress and increased the degree of difficulty in raising capital. However, ultimately we were successful in completing a \$5.4 million notes issue in June and over the past few years we have retired \$15 million in debt.

Government support for renewable energy

What has been constant over the past year, though, has been government support for the take up of renewable energy and this aspect of the business environment has been

helpful in improving the viability of projects and expanding the growth potential of the sector.

Let me give a couple of examples of this.

The New South Wales government, for critical infrastructure within its renewable energy precinct, is providing fast tracking of development approvals and waiving fees for this process. CBD has two projects which qualify for this, its 50 MW wind farm at Shannons Flat near Cooma and the 70 MW Adjungbilly wind farm in the south west Snowy Mountains.

Faster approval of these projects benefits all the partners and brings forward the construction, generation of wind power and the commencement of 20 year earnings for CBD from its management of these projects.

The Australian government has also been supportive of CBD's joint venture with Hydro Tasmania to make King Island in the Bass Strait nearly totally self sufficient from renewable energy. The government has provided a grant of \$15.28 million to this project which combines solar power, energy storage and grid management to help renewable energy replace diesel power.

Global marketing

Perhaps unseen over the past year, until CBD's announcements recently, were the effort we have put into marketing our energy storage system globally.

We have showcased this in the US and in Europe and gathered some strong interest. CBD's engineering team is currently working on six proposals for large-scale projects. However, the real breakthrough has come in China where we have negotiated commercial agreements with Tianwei.

China

We have a strong relationship with the Tianwei Group, a large utility which is part of China Southern Industries, a Fortune 500 company. Tianwei will use CBD's energy storage technology as part of its projected US\$500 million solar farm in Liang Shan. This is a substantial project, spread over four square kilometres, which will make it one of the world's largest solar thermal projects, and it is part of the rebuilding following the Sichuan earthquake in 2008.

Our agreement involves working with Tianwei to make the technology more cost efficient by sourcing from China the graphite, heat exchangers, heating elements and steel work components that comprise the system.

Our productive relationship with Tianwei has also led to collaboration on our Adjungbilly wind farm project, with Tianwei to supply wind turbines and up to \$24.5 million to assist with funding the project.

Solar equipment, Planet Power

A further element of our business building over the past year is the increase in solar equipment sales which has also given us a business relationship with Planet Power.

This has led to taking our Planet Power connection to another stage, with CBD agreeing to buy 20 per cent of Planet Power, with an option to take this to 51 per cent by May 2012.

Planet Power helps households and commercial organisations implement renewable solutions and take advantage of government incentives which encourage this.

Planet power has a good management team with ambitious growth plans, involving expansion of its retail store numbers from 20 by June 2010 to 45 by June 2011.

Partnerships

As a smaller company, CBD has recognised that to achieve its growth plans it needs to develop partnerships with other groups to help it progress.

We have developed very productive partnerships with Solon, Hydro Tasmania, Tianwei, GE Energy, Planet Power, Buildev, the Chatham Islands Enterprise Trust and more recently with eco-Kinetics. We particularly welcome the eco-Kinetics team members at all levels and look forward to working with them on our joint project and business opportunities.

Thanks

As well as partnerships, though, we would not have progressed so far over the past year without a tremendous effort from all CBD people. I would like to thank my fellow directors, Jim Link and our energetic managing director, Gerry McGowan. Also my thanks go to all CBD staff, in New South Wales and Victoria, as well as our recent recruit in our new office in China.

Conclusion

CBD has recorded some significant achievements over the past year and in the lead up to this meeting. Our market capitalisation is nearly four times what it was at the AGM last year and the future looks more prosperous, particularly as we expect to be profitable in the second half of this financial year.

We feel what has been achieved and our plans for the future will make CBD Australia's leading diversified renewable energy group.

The Hon Mark Vaile
Chairman
CBD Energy Limited