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## ASX & Media release

*CBD Energy Limited  
ABN 88 010 966 793  
Registered Office  
Suite 2 - Level 2  
53 Cross Street Double Bay  
Sydney NSW 2028  
Ph +61 2 9363 9920  
Fax +61 2 9363 9955  
investor@cbdenergy.com.au  
www.cbdenergy.com.au*

### **CBD Energy to make \$13 million<sup>1</sup> acquisition in renewable energy**

CBD Energy Limited ('CBD') is to expand its diversified footprint in the renewable energy sector with the acquisition of eco-Kinetics Pty Limited ('eco-Kinetics').

CBD has signed a Heads of Agreement for the acquisition which is subject to financing, due diligence and documentation.

eco-Kinetics is a provider of engineering design, supply and installation services to the renewable and sustainable energy markets.

For CBD, the acquisition marks the end of its restructuring phase and positions it as a company with revenue and earnings which will support a growing list of renewable energy projects in Australia, China and New Zealand.

For eco-Kinetics, combining with CBD enables it to ensure ongoing growth of the business while achieving an exit after an earn out phase for the founders of the company.

The equity consideration is \$13 million<sup>1</sup>, comprising a cash payment of \$5 million on completion with the remainder of the consideration in cash and shares, subject to an earn out over the next two and half years.

eco-Kinetics is profitable and forecasts to earn in excess of \$40 million of revenue for the year ending 30 June 2010.

As a result the CBD Group is expected to be profitable in the second half of FY10 despite incurring considerable expenditures relating to project development and presenting CBD technologies to the international market.

It is a leading sustainable and renewable energy company, providing retail and commercial customers with professional engineering solutions to make effective use of wind and solar power.

Headquartered in Stapylton, near the Queensland Gold Coast, eco-Kinetics has a fast expanding network with offices in NSW, Victoria, Northern Territory, New Zealand and Fiji and representations in several strategic locations in Australia, Asia and the South Pacific.

<sup>1</sup> Equity value; subject to earn out assuming eco-Kinetics forecasts are achieved

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CBD's Managing Director Gerry McGowan said:

"This is a company transforming deal for CBD and I'm delighted eco-Kinetics is joining our team to make our combined services and capabilities better. eco-Kinetics provides renewable energy solutions to households and businesses across a wide geographical area and importantly it adds engineering and project management capabilities we can apply in all our business areas. The acquisition puts all the pieces in place for a profitable and growing platform as a diversified renewable energy business."

"With this acquisition CBD is now able to realise its ambition of being a fully integrated renewable energy company. Through our Planet Power stake we aim to have 50 retail outlets by June 2011 selling renewable energy solutions to a mixture of retail and commercial customers. We have four wind projects under development and will utilise eco-Kinetics and our Remote Area Power Systems divisions to grow on our current large scale renewable projects underway in Australia, China and Fiji," Mr McGowan said.

Commenting on the acquisition, eco-Kinetics Managing Director Edwin Cywinski said:

"Our decision to join CBD was an easy one. Gaining access to CBD's excellent resources will help us achieve our goals plus provide excellent career opportunities for all of our staff."

Key benefits of the acquisition include:

- It is immediately earnings accretive
- It increases CBD's suite of products and services in the sustainable and renewable energy sectors
- Both CBD and eco-Kinetics are highly complementary businesses, particularly in the engineering consulting services sector
- Both CBD and eco-Kinetics will be able to cross sell products and leverage off each other's relationships

CBD expects the acquisition to enhance its capabilities with current projects and activities which include two wind farms in NSW, totalling 120MW, energy storage in China as part of a US\$500 million solar farm and investment in the fast growing Planet Power renewable energy business.

CBD's wind projects in NSW and the renewable energy projects on King Island and the Chatham Islands will be managed by CBD under 20 year agreements, providing assured cash flow to CBD for those periods.

Pitt Capital Partners acted as Financial Adviser to CBD Energy.

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**FOR FURTHER INFORMATION:**

Mr Gerry McGowan  
Managing Director, CBD Energy Limited  
O419 717 717

Media: Ian Westbrook 0407 958 137

Pitt Capital Partners: Todd Barlow, Managing Director 0407 065 883

## CBD ENERGY DEVELOPMENT MILESTONES

Over the past several years CBD has successfully:

- established a quality Board, with former Deputy Prime Minister as Chairman, Executive team and Engineering group.
- retired over \$15M in debt.
- transformed two legacy businesses, Capacitor Technologies and Parmac, into reliable, profitable divisions.
- negotiated a joint venture with Hydro Tasmania for the development of a wind / energy storage project on King Island, with this project recently receiving a \$15.28 million government grant.
- set up a solar modular wholesaling division utilising Solon technology.
- established a wind development division, which has developments at Shannons Flat and Adjungbilly in NSW, totalling 120MW
- established a non binding joint venture with GE Energy for the development of the Shannons Flat wind farm.
- won a tender for development of a wind farm on Chatham Islands NZ, involving a unique control system ensuring maximum wind power to the grid.
- purchased 20% of Planet Power, a retailer of renewable energy solutions.
- established a joint venture with Buildev to provide renewable power solutions for two development sites in Queensland.
- entered into Commercial Agreements with Tianwei, a division of China Southern Industries (a Fortune 500 Company) for a solar thermal project in China and to partner on technology and funding on CBD's Adjungbilly wind development.
- purchased Larkden (Storage) from Isol Ventures an associate of Solon.
- Constructed an energy storage prototype, with successful due diligence conducted by leading consulting engineers Sinclair Knight & Mertz.
- Completed two world tours showcasing CBD's storage technology, resulting in a Commercial Agreement to supply storage to a 100 MW project in China, interest from the USA and requests from three European solar thermal projects.
- Achieved an ability to reduce costs of the energy storage technology by partnering with Tianwei to produce in China the graphite, heat exchangers, heating elements and steel work components.

Combined with today's purchase of eco-Kinetics and a focused plan and team, CBD believes it is uniquely placed to develop into Australia's leading diversified renewable energy company.