1 October 2013

Ceres Power Holdings plc

Preliminary results for the year ended 30 June 2013

Ceres Power Holdings plc ("Ceres", "Ceres Power" or "the Group") announces its preliminary results for the year ended 30 June 2013.

Highlights:

During the reporting period:

- Restructured the business to reduce recurring operating costs by 44% to £10.2 million
- Implemented new business strategy of working with global consumer durable product manufacturers or 'Original Equipment Manufacturers' ("OEMs") with strong balance sheets
- Successful targeting of OEM relationships in Japan and South Korea
- New Board and Leadership Team appointed
- Substantial progress made with the robustness of Ceres unique low cost fuel cell technology
- Increase in Fuel Cell Module ("FCM") gross efficiency to > 50%
- Intellectual property portfolio further extended at cell, stack and FCM levels
- £15.4 million in net cash and short term cash investments as at 30 June 2013

After period end:

- New CEO appointed, Philip Caldwell, commenced employment on 2 September 2013
- Commercial Agreement signed with Korea's largest boiler manufacturer, KD Navien, in landmark deal in support of new strategy
- Commercial traction in Japan with a number of global OEMs in technology validation and test activities
- Collaboration Agreement signed with the University of Connecticut to showcase Ceres' technology and facilitate access to US OEMs and the Department of Energy programs to drive product development in the US

Financial Highlights:

	Year Ended 30 June 2013 £'000	Year Ended 30 June 2012 £'000
Revenue	**523**	226
Recurring operating costs	**(10,197)**	(18,093)
Operating loss	**(12,741)**	(18,072)
Loss for the financial period	**(11,375)**	(14,900)
Loss per share	**(3.88)p**	(17.28)p
Net cash and short-term investments	**15,437**	10,178

Alan Aubrey, Chairman, commented:

"The last year has seen the Group make substantial progress against its new strategy in both commercial and technical respects following its successful restructuring and refinancing at the end of 2012. Driven by our technical successes and cost leadership position Ceres is now gaining significant commercial traction and I believe it has truly global potential."

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Chairman's Statement

Introduction

Since assuming the chair at the end of December 2012, there have been significant changes in the business. The technology team has been reconfigured to support our new strategy based on core technology only, with product development implemented by our OEM partners. These partners can bring multiple products to market through their depth of skills and expertise in systems integration, and their balance sheet strength. The commercial team set out to attract OEMs with the vision to build products with Ceres technology embedded within them and we have made significant progress on all fronts. Before reporting on this, I would like to thank the previous Chairman, Brian Count, and his Executive Board for their professionalism and dedication to handing over control of the business to the newly appointed executive team and supporting that team in re-sizing the business. I would specifically like to single out Rex Vevers, former CFO, and Phil Whalen, formerly the CTO, for individual praise. I should also like to extend my personal thanks to Steve Callaghan, one of our non-executive directors, who implemented the restructure program and supported the business and leadership team through the second half of the year. His contribution was significant and his many years of working with turnaround situations were invaluable to the Group. I am extremely pleased to welcome Phil Caldwell, the new CEO, to Ceres, who I refer to later in more detail.

I would now like to turn my attention to progress that has been made and the work still in progress at Ceres whilst outlining our continued strategy for financial year 2013-2014 and beyond.

Business Strategy and Market Overview

In contrast to the previous strategy of aspiring to become a product company, Ceres now focusses only on core technology at cell, stack and Fuel Cell Module (FCM) level with accompanying cell manufacturing skills necessary to scale the business. We seek to engage OEMs with strong balance sheets, systems and product engineering skills in depth, and access to global markets. Our key areas of geographic focus remain South Korea, whose government have supported up to 80% subsidies for micro-CHP domestic installations in conjunction with a 1 million Green Home by 2020 initiative, and Japan, where over 28,000 micro combined heat and power (micro-CHP) units were sold in 2012. We are also targeting the USA, where Intermediate Temperature SOFC has recently received positive Governmental support, and parts of Western Europe, including Germany where their government has made significant and positive statements in support of Green Power and where subsidies for micro-CHP are noteworthy.

I am particularly pleased with the recently announced Ceres deal with KD Navien, South Korea's largest boiler manufacturer. This is a landmark deal and clearly demonstrates that the new strategy has found favour with OEMs. There has also been early commercial traction in Japan which bodes extremely well for the future, and we look forward to working more closely with Japanese partners going forward. We will strive to conclude more significant commercial deals in our target geographies in the coming year.

In addition to micro-CHP applications, we also consider our core technology to be suitable for other vertical applications and will explore commercial partnerships in new markets in the coming year.

Fund Raise and Change of Advisors

On 18 December 2012, shareholders approved a placing and open offer to raise £3.3m (before expenses) which provided the minimum level of funding required to undertake the business restructure, and to establish the commercial and technology strategy for the business moving forward. On 28 March

2013, shareholders approved a placing and open offer to raise £9.5m (before expenses) which provides funding for the first stages of the revised strategy and new business model. The Group held £15.4 million in net cash and short term cash investments as at 30 June 2013 and, as previously noted in our interim results, the Board anticipates that further funding will be required in future to fully commercialise the technology. However, we do expect that successful commercial engagements will also contribute to funding the business in the coming financial year.

During the period Ceres also appointed Nplus1 Singer as its nominated advisor and DAC Beachcroft as its solicitors. For completeness, I can also report that after the period end the Group also appointed Tavistock as its financial PR agency.

Technology progress
Progress has been impressive and I leave it to the Chief Executive to provide details of this in his report. Through the remainder of 2013 I expect the technical programs to continue to deliver to our roadmap.

People
Ceres has an excellent team which, having been subjected to the stresses associated with a >60% reduction in workforce during 2012, have worked tirelessly during the year, particularly since December, to deliver strong technical and commercial progress. I salute their endeavour, endurance and sheer passion shown during this year of restructure, refocus and re-engagement around the new Group strategy. Following the restructuring phase all employees were granted share options as both retention and incentivisation measures and all key personnel continue to remain in post.

We have in Philip Caldwell, our new CEO, a highly commercial business leader with ten years' experience of the fuel cell sector. Phil was previously Corporate Development Director at Intelligent Energy, a sizeable company which specialises in the development of PEM fuel cell systems. He has a strong track record of securing OEM partners, and executing licence deals and agreements with sector leading global companies across automotive, stationary power and consumer electronic applications. In particular he was instrumental in establishing a joint venture with Suzuki Motor Corporation which enabled local manufacture of fuel cells under license in Japan.

I also note that Mike Bretherton, who has been non-executive director since December 2012, will step down from the Board on 4 October 2013 following his recent relocation to Guernsey. We wish him well in the future.

Summary
The Board of Directors has implemented a business strategy based on the technology at the very core of the Group's capability, and is of the opinion that Ceres cell, stack and FCM technology has the potential to become the global standard for fuel cells for its target markets. In due course, the Board is confident that it will deliver excellent shareholder value through engineering development, licence, supply and royalty revenues. The technical and commercial advances over the past 12 months have further reinforced Ceres' position as a unique low cost, efficient and durable technology platform capable of operating in 'real world' conditions in multiple vertical and geographic markets.

We believe the current strategy and approach to be in the very best interests of our shareholders.

Alan Aubrey
Chairman

Chief Executive Officer's Statement

Introduction

Having only been in the office of the Chief Executive for a matter of weeks, I am happy to report that over the last year Ceres has maintained its market position as the only low cost commercially viable Intermediate Temperature SOFC provider. The Group has made substantial technical and commercial progress, and I am delighted to be in post. Under the guidance of Steve Callaghan, a member of our Board and turnaround specialist, the Group's new strategy deployed post-restructure in January 2013 has gained significant commercial traction and our technology claims are being validated by several OEMs.

Commercial Update

With KD Navien (KDN) we have secured the first stage of a long term partnership funded by KDN where they will collaborate with us with the intention to develop and commercialise a low cost natural gas fuel cell micro-CHP Product for the residential and commercial mass market in South Korea, as well as other strategic markets. Over a 12 month period from July 2013, we will provide KDN with our technology to allow them to evaluate its design and operating performance. Additionally over the period, KD Navien and Ceres will begin the design phase for a new 1kW micro-CHP product by leveraging each company's strengths, developing a product commercialisation plan and agreeing the commercial structures for licensing and development for the next phases of the programme.

In Japan we have early stage evaluation of our technology with a number of OEMs which are currently assessing performance and application for a number of different market opportunities. In the US we have entered into a partnership with the University of Connecticut in order to demonstrate the potential of our core technology to US based OEMs.

This commercial progress has been successful only due to the technical progress made under the continued leadership of the technical director, Dr Mark Selby, and his team. We have made significant progress around stabilising processes and production techniques to deliver robustness, opening the road to commercialisation for the Group and its partners.

Technology progress report

The progress made in the technology over the recent period has been excellent in a number of areas and the capability of the technology to be truly disruptive remains in evidence. In addition, in due course, I believe the technology may be viable for a wider number of higher power generation applications and we shall be evaluating this opportunity over the coming year.

Cell and stack development has continued to progress with key improvements demonstrated in robustness and sustained development of highly repeatable volume manufacturing processes. A key area of development has been our 'robust anode' concept. This allows us to have the unique capability of withstanding harsh real life conditions of unplanned stops. This is a key enabler for developing robust, low cost fuel cell products with our customers.

Steady state durability, thermal cycling capability and the ability to withstand harsh emergency stops are the key metrics that are important to our product development partners in their own technology evaluations and we are continuing to demonstrate this in our partner programmes. In accelerated thermal cycling and RedOx/Emergency stop laboratory tests in the harshest possible operating conditions, we have demonstrated around twice the requirement for a consumer micro-CHP product based on this technology. Accelerated testing in these metrics is a good indication of the potential for long life products. In addition, we continue to progress steady state durability on tests that incorporate the latest developments of the technology.

We have made rapid progress in Fuel Cell Module development in the last year, improving efficiency to >50% Gross Electrical Efficiency LHV (Lower Heating Value). These developments in efficiency improve potential savings for domestic micro-CHP containing the Ceres technology, based on a conservative UK real use case scenario including the current feed-in tariff. This allows an expected payback period for the consumer of less than 5 years, based on detailed projected product costs.

The combination of our fuel cells' intermediate operating temperature of c. 600^{o}C, fuel reforming process and low cost metals presents a unique set of engineering challenges and opportunities. Our deep technical understanding in this area, and the intellectual property that results, presents a great opportunity for us to help accelerate our partners' commercialisation plans for our technology.
Across all areas of the technology we continue to generate and protect our intellectual property with the primary goal of accelerating the volume uptake of the core cell technology and subsidy-free fuel cell products. This has already resulted in (and will continue to result in) numerous patent filings which strengthen our position and protect our competitive advantage.

The various technology evaluation engagements, which began in early 2013, continue to generate significant activity within the technology team. To support this new aspect of our business, we have recruited a small number of key individuals. In 2014 customer funded activity will be a major work-stream for us. In parallel to our on-going customer programmes, we continue to progress our roadmap for the Ceres Technology Platform to meet our customers' long term commercial needs.

Manufacturing and operations update
We have consolidated our business and manufacturing operations to our Horsham site, allowing development cells and stacks to be produced within a controlled environment. Our focus on real-world volume manufacturing has been a core part of generating customer traction, as many of the organisations we are engaged with have world class track records and experience of quality-driven manufacturing environments.

Manufacturing quality, repeatability and stability have been the focus of the Manufacturing Team over the past 12 months. As a result of this and of process and materials development, overall cell yield has continued to improve to up to 80%. This continuing focus on the manufacturing processes is an essential capability to enable the scale-up of successful volume manufacturing to meet our partners' needs.

Medium term roadmap
Following the restructure at the end of 2012 the Ceres Board agreed a medium term roadmap to enable it to meet its strategic goals, as discussed below.

Commercial
The goal over the next five years is to target early stage commercial deals in addition to developing existing relationships, with the aim of translating these into major development programmes and license agreements with OEM partners. Our unique technology will enable our customers and partners to be market leaders in low cost distributed power generation and will position the Group to set the

global standard for fuel cells in our chosen markets. These early stage commercial agreements are designed to enable partners to develop and trial products based on the Group's core technology in micro-CHP and other markets.

Ceres is targeting partners with the balance sheet strength and skills to develop product beyond the FCM module and who are able to fully integrate our technology into products. We also expect our partners to be market leaders in their domestic markets with significant international reach. The Group will take the opportunity to leverage developments beyond the FCM, which were completed under the old strategy, to accelerate the go-to-market time for new partners.

The Group recognises the importance of its existing contracts, particularly those with British Gas in the UK and Itho-Daalderop in the Netherlands. Although Ceres' initial OEM product partners are likely to launch product in their own countries first, these existing contracts could be important beachheads into Europe for them and other potential partners.

Manufacturing

Our manufacturing capability and IP are valuable assets to the Ceres business. The manufacturing capacity at our plant in Horsham is sufficient for our current needs. In response to anticipated customer and internal demand, the business would expect to increase this manufacturing capacity four-fold on the same site over the next few years by increasing the number of shifts and with a limited targeted amount of capital expenditure, in response to customer and internal demand.

In parallel with manufacturing cells and stacks and assembling FCMs in-house, we will continue to industrialise and stabilise the manufacturing processes with the current aim to invest in a larger scale pilot plant in time. This will act as a blueprint to enable future partners to mass manufacture under license and will service anticipated initial higher volume demand. The Group would not expect to make any significant financial commitments in this financial year and we will target a location where significant grants are available to contribute towards capital expenditure.

Technology

Ceres will continue to industrialise and make continual improvements to its core fuel cell and FCM technology. Improvements to the Ceres Technology Platform will be carefully targeted. The business is focused on developing 1kW stacks and FCMs for natural gas, although, with the right level of partner funding, it could also be scaled and utilise alternative fuels for other applications.
The FCM developed to date and the deep in-house system expertise has great value and can accelerate our partners' route to market.
In addition to its core technology offering, the Group will offer its partners application services and micro-CHP product-related IP which we developed before the change of strategy, which will also accelerate take-up.

Financial

As a result of the restructuring and change in strategy in the year, recurring operating costs were reduced by £7.9m from £18.1m in 2012 to £10.2m in 2013. Over the same period the Group's average headcount fell from 155 in 2012 to 76 and currently stands at approximately 65.

During the year Calor Gas and Ceres agreed to end their agreement to develop and supply an LPG-fuelled product for sale in the UK market. As a result £0.5m of deferred revenue, being the unamortised portion of up-front milestone payments relating to Calor Gas, was released to the Income Statement without any cash impact. This was the primary reason the revenue for the year increased to £0.5m (2012: £0.2m). Deferred income of £1.8m relating to the British Gas and Bord Gais Eireann development and supply contracts (2012: £1.8m) remains on the balance sheet.

An income tax credit of £1.3m (2012: £3m) has been recorded in the year, consisting of a £1.0m estimated tax recovery in respect of the current financial year and an additional £0.3m received in respect of the prior year.

The loss for the financial year attributable to shareholders reduced from £14.9m to £11.4m due to reduced expenditure. The average number of shares in issue increased from 86.2m to 292.8m which was the significant contributor to the reduction in loss per ordinary share of 3.88p (2012: 17.28p).

During the year the Group's net cash used in operations reduced to £7.3m (2012: £15.4m) reflecting the reduced operating expenditure, a favourable working capital movement and the disposal of property, plant and machinery in the year. Current equity-free cash burn is forecast to remain steady and be around £9m in the financial year ending 30 June 2014.

People

The great progress being made in the development of our technology is testament to the talent, robust entrepreneurial spirit and commitment of our employees. We are fortunate in having a united team which works collaboratively across the range of disciplines with knowledge, dedication and passion to deliver great results with every activity we undertake.

We are committed to providing opportunities for our employees to succeed, encourage their innovative thinking and enhance their professional abilities through a range of development opportunities. I extend the Board's sincere thanks to every one of our team for their personal and collective contribution, and its recognition and appreciation of the on-going support they receive from their families as they help us pursue our Group's mission. Our success is absolutely a team effort.

Summary

During the past 12 months Ceres has undertaken a significant change in direction with regard to its go-to-market strategy, choosing core technology focus over product. Product development is now part of the Group strategy only in conjunction with our OEM and system integration partners. Commercially we have shown that we can attract and transact with world class product organisations and we shall continue to do so. Technically we have continued to meet and in some cases exceed the standards set by ourselves in the core technology programs at cell, stack and FCM. We can demonstrate appropriate levels of efficiency, robustness and manufacturing quality in support of real-world product development programs for mass market applications. The Group continues to receive validation by OEM partners and other third parties that the core technology is achieving its design goals which underlines our belief in the cost leadership potential for this technology. I would like to thank my executive management team for the hard work, pragmatism and tenacity over the past year. Their leadership has anchored Ceres and put us in an extremely strong position for the future.

Phil Caldwell
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013

	Note	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Revenue		523	226
Operating costs	2	(13,265)	(18,480)
Other operating income		1	182
Operating loss		**(12,741)**	**(18,072)**
Interest receivable		55	165
Loss before income tax		**(12,686)**	**(17,907)**
Income tax credit		1,311	3,007
Loss for the financial year and total comprehensive loss		**(11,375)**	**(14,900)**
Losses per £0.01 ordinary share expressed in pence per share:			
Basic and diluted loss per share	3	(3.88)p	(17.28)p

CONSOLIDATED BALANCE SHEET
As at 30 June 2013

	Note	30 June 2013 £'000	30 June 2012 £'000
Assets			
Non-current assets			
Property, plant and equipment		2,181	4,216
Other receivables		53	81
Total non-current assets		**2,234**	**4,297**
Current assets			
Trade and other receivables		454	583
Derivative financial instruments		-	7
Current tax receivable		1,044	2,400
Short-term investments	6	6,207	-
Cash and cash equivalents	6	9,230	10,178
Total current assets		**16,935**	**13,168**
Liabilities			
Current liabilities			
Trade and other payables		(1,350)	(1,768)
Total current liabilities		**(1,350)**	**(1,768)**
Net current assets		**15,585**	**11,400**
Non-current liabilities			
Accruals and deferred income		(1,918)	(2,354)
Provisions for other liabilities and charges		(1,293)	(365)
Total non-current liabilities		**(3,211)**	**(2,719)**
Net assets		**14,608**	**12,978**
Equity			
Share capital	4	8,817	4,311
Share premium account		72,906	64,821
Other reserve		7,463	7,463
Profit and loss account (deficit)		(74,578)	(63,617)
Total equity		**14,608**	**12,978**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2013

	Note	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Cash flows from operating activities			
Cash used in operations	5	(10,016)	(17,515)
Income tax received		2,667	2,107
Net cash used in operating activities		**(7,349)**	**(15,408)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(42)	(1,335)
Movement in short-term investments		(6,207)	8,000
Finance income received		57	238
Net cash (used in)/generated from investing activities		**(6,192)**	**6,903**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		12,591	2
Net cash generated from financing activities		**12,591**	**2**
Net decrease in cash and cash equivalents		**(950)**	**(8,503)**
Exchange gains/(losses) on cash and cash equivalents		2	(6)
		(948)	(8,509)
Cash and cash equivalents at beginning of year		10,178	18,687
Cash and cash equivalents at end of year	**6**	**9,230**	**10,178**
Reconciliation to net funds			
Opening net funds		10,178	26,687
Net decrease in cash and cash equivalents		(948)	(8,509)
Increase/(decrease) in short-term investments		6,207	(8,000)
Closing net funds (note 6)		**15,437**	**10,178**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

	Share capital £'000	Share premium account £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2011	4,309	64,821	7,463	(49,185)	27,408
Comprehensive income					
Loss for the financial year	–	–	–	(14,900)	(14,900)
Total comprehensive income	**–**	**–**	**–**	**(14,900)**	**(14,900)**
Transactions with owners					
Issue of shares, net of costs	2	–	–	–	2
Share-based payments charge	–	–	–	468	468
Total transactions with owners	**2**	**–**	**–**	**468**	**470**
At 30 June 2012	4,311	64,821	7,463	(63,617)	12,978
Comprehensive income					
Loss for the financial year	–	–	–	(11,375)	(11,375)
Total comprehensive income	**–**	**–**	**–**	**(11,375)**	**(11,375)**
Transactions with owners					
Issue of shares, net of costs	4,506	8,085	–	–	12,591
Share-based payments charge	–	–	–	414	414
Total transactions with owners	**4,506**	**8,085**	**–**	**414**	**13,005**
At 30 June 2013	**8,817**	**72,906**	**7,463**	**(74,578)**	**14,608**

Notes to the preliminary announcement

1. Basis of preparation

The preliminary announcement for the year ended 30 June 2013 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the IFRS Interpretations Committee (IFRS-IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information contained in this preliminary announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information has been extracted from the financial statements for the year ended 30 June 2013, which have been approved by the Board of Directors and the comparative figures for the year ended 30 June 2012 are based on the financial statements for that year. The accounts for 2012 have been delivered to the Registrar of Companies and the 2013 accounts will be delivered after the Annual General Meeting. The auditors have reported on both sets of accounts without qualification, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Operating costs

Operating costs are split as follows:

	Year ended 30 June 2013 £'000	**Year ended 30 June 2012 £'000**
Operating costs are split as follows:		
Research and development costs	7,200	13,205
Administrative expenses - recurring	2,997	4,888
	10,197	**18,093**
Administrative expenses – non-recurring restructuring related	3,068	387
	13,265	**18,480**

Non-recurring costs relate to the disposal of property, plant and equipment (£759,000) and termination payments and provisions for onerous leases (£2,309,000).

3. Loss per share

Basic and diluted loss per £0.01 ordinary share are calculated by dividing the loss for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Given the losses during the year, there is no dilution of losses per share in the year ended 30 June 2013 or in the previous year.

The loss for the financial year ended 30 June 2013 was £11,375,000 (2012: £14,900,000) and the weighted average number of £0.01 (2012: £0.05) ordinary shares in issue during the year ended 30 June 2013 was 292,793,498 (2012: 86,202,251).

4. Share capital

	30 June 2013		30 June 2012	
	Number	**£'000**	**Number**	**£'000**
Allotted and fully paid				
At 1 July	86,215,662	4,311	86,177,614	4,309
Allotted under share option schemes	2,235,838	22	38,048	2
Allotted on cash placing & open offer	448,347,623	4,484	–	–
Ordinary shares of £0.01 each at 30 June (2012 £0.05)	**536,799,123**	**8,817**	**86,215,662**	**4,311**

On 18 December 2012 each existing ordinary share of £0.05 was sub-divided into 1 new ordinary share of £0.01 and 1 deferred share of £0.04. All shares issued from 18 December 2012 were new ordinary shares of £0.01. The new ordinary shares of £0.01 have the same rights and benefits as the original ordinary shares of £0.05. The deferred shares of £0.04 are not listed and it is intended that all the deferred shares will be surrendered for no value and/or cancelled in due course.

On 18 December 2012 the Company issued 330,000,000 ordinary shares of £0.01 each in a placing and open offer for cash consideration of £3,300,000. On 2 April 2013 the Company issued 118,347,623 ordinary shares of £0.01 each in a placing and open offer for cash consideration of £9,467,810 (before deducting issue costs of £208,050). Also 2,235,838 ordinary shares of £0.01 each were issued on the exercise of employee share options for cash consideration of £31,792 (2012: the Company issued 38,048 £0.05 ordinary shares on exercise of employee share options for consideration of £1,902).

5. Cash used in operations

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Loss before income tax	**(12,686)**	**(17,907)**
Adjustments for:		
Other finance income	(55)	(165)
Depreciation of property, plant and equipment (net of amortised grant contributions)	1,322	1,560
Disposal of property, plant and equipment	759	–
Share-based payments charge	414	468
Operating cash flows before movements in working capital	**(10,246)**	**(16,044)**
Decrease in trade and other receivables	163	307
Decrease in trade and other payables	(861)	(1,915)
Increase in provisions	928	137
Decrease/(Increase) in working capital	**230**	**(1,471)**
Cash used in operations	**(10,016)**	**(17,515)**

6. Net cash, short-term investments and financial assets

	30 June 2013 £'000	30 June 2012 £'000
Cash at bank and in hand	576	716
Money market funds	8,654	9,460
Short-term bank deposits < three months	–	2
Cash and cash equivalents	**9,230**	**10,178**
Short-term bank deposits > three months	6,207	–
	15,437	**10,178**

The Group typically places surplus funds into pooled money market funds and bank deposits with durations of up to twelve months. The Group's treasury policy restricts investments in short-term sterling money market funds to those which carry short-term credit ratings of at least two of AAAm (Standard & Poor's), Aaa/MR1+ (Moody's) and AAA V1+ (Fitch) and deposits with banks with minimum long-term rating of A/A-/A3 and short-term rating of F-1/A-2/P-2 for banks which the UK Government holds less than 25% ordinary equity.