9 October 2018

Ceres Power Holdings plc - Final results for the year ended 30 June 2018

STRATEGIC PARTNERS ENABLE A STEP CHANGE IN COMMERCIAL GROWTH

Ceres Power Holdings plc ("Ceres Power", the “Company” or the “Group") (AIM: CWR.L) announces its final results for the year ended 30 June 2018.

Highlights

- Revenue and other operating income up 71% to £7 million;
- Bosch and Weichai Power strategic partnerships with significant equity investments, development and licensing agreements;
- Major increase in order book from £3 million to £30 million at the date of these accounts;
- Strong cash position after new equity of £49.3 million from financial investors and Bosch and Weichai post financial year end;
- Progress with existing partners - field trials to start with confidential partner later this year and new programme signed with Nissan backed by £7 million of funding through the UK‘s Advanced Propulsion Centre;
- Increase in net electrical efficiency to 60% achieved in customer systems and first-of-a-kind 5kW stack design completed;
- £7 million investment in new manufacturing facility announced, creating 60 jobs in Redhill, Surrey (UK).

Phil Caldwell, CEO, commented:

”2018 is a landmark year for Ceres. We have seen a big step change in order book and strong revenue growth as demand accelerates for technologies that can enable a post-combustion future. In the last five months alone we have announced equity investments and new agreements with both Weichai in China and Bosch in Germany adding to our existing relationships in Japan and the US. We are proud our unique British SteelCell® technology is setting the standard for solid oxide fuel cell technology around the world. We are now working towards trials for three separate products that tackle air quality and climate change.

Our progress this year confirms we have the right strategy to enable our partners to access our technology and establish Ceres Power as a global leader in the fuel cell industry.”

	Year Ended 30 June 2018	Year Ended 30 June 2017
	£’000	£’000
Total revenue and other operating income, comprising:	**7,009**	4,076
Revenue	6,329	3,119
Other operating income	680	957
EBITDA [1]	**(10,772)**	(10,263)
Equity free cash flow [2]	**(10,898)**	(9,363)
Net cash and short-term investments [3]	**6,395**	17,158
Order book - at the date of this report[4]	**29,800**	3,200

1. EBITDA (earnings before interest, depreciation and amortisation) is calculated as the operating loss (£11.9 million) less depreciation (£1.1 million). Management use EBITDA as an alternative performance measure to operating loss as they believe that it is a more relevant and comparable measure of the operating activities of the Group.

2. Equity free cash flow (EFCF) is the net change in cash and cash equivalents in the year (£3.2 million) less net cash generated from financing activities (£0.1 million) less the movement in short term investments (£14 million). Management use EFCF as an alternative performance measure to the net change in cash and cash equivalents as they believe that it is a more relevant and comparable measure of the overall cash flows of the Group as it excludes any funding activities or changes in investments.

3. Since the year end the Company has raised £49.3 million through new equity raises with new and existing investors including Weichai Power and Bosch.

4. Order book is the contracted commercial and grant revenue scheduled to be realised in future years. There is no comparable figure disclosed in the financial statements as this figure represents future anticipated revenue and other operating income. Management use order book as a performance measure as they believe that it is a useful indicator of the Group's commercial progress.

For further information, please contact:

Ceres Power Holdings plc Phil Caldwell / Richard Preston	Tel: +44 (0)1403 273 463
Zeus Capital (Nominated Adviser and Broker) Andrew Jones / Dom King	Tel: +44 (0) 20 3829 5000
Berenberg (Joint Broker) Ben Wright / Mark Whitmore / Laure Fine	Tel: +44 (0) 203 207 7800
Powerscourt Peter Ogden/ Niall Walsh	Tel: +44 (0) 20 7250 1446

Notes to Editor:

About Ceres Power

Ceres Power is a world leader in low cost, next generation fuel cell technology for use in distributed power products that reduce operating costs, lower CO_2, SOx and NOx emissions, increase efficiency and improve energy security. The Ceres Power unique patented SteelCell® technology generates power from widely available fuels at high efficiency and is manufactured using standard processing equipment and conventional materials such as steel, meaning that it can be mass produced at an affordable price for domestic and business use. Ceres Power offer its partners the opportunity to develop power systems and products using its unique SteelCell® technology and know-how, combined with the opportunity to supply the SteelCell® in volume through its manufacturing partners. For further information please visit: http://www.cerespower.com/

Chairman’s Statement

2018 has been a landmark year in Ceres Power’s history as the significant investment and dedication of our people has resulted in excellent commercial progress and strategic partnerships with some of the world’s leading companies. This has been achieved through our partnering and licensing business model, facilitated by a unique world-class British technology and excellent leadership team. Our recent strategic partnerships with Bosch in Germany and Weichai Power in China, in addition to further progress in Japan and the US, show we have the right strategy to enable our partners to access our technology and establish Ceres Power as a global leader in the fuel cell industry.

We continue to benefit from the disruption in the energy and transportation markets as society addresses the significant challenges of decarbonisation and improving air quality, while also balancing the intermittency of renewable energy and electrification of our transportation system.

Many of the world’s leading power system and engine companies are now looking for alternatives to conventional combustion and are developing products using cleaner, flexible technologies such as batteries and fuel cells. The SteelCell® is rapidly setting a new standard in the industry due to its robustness, fuel flexibility and potential to be mass manufactured in a cost-effective way and the recent contracts with leading global players such as Bosch and Weichai Power underlines the SteelCell’s growing importance.

The company has successfully raised £49 million since the end of the financial year through a combination of a placing in July with Weichai Power and institutional financial investors and the additional recent equity investment with Bosch. We have the potential to raise a further £28 million in new equity upon successful completion of the second stage of the Weichai investment. I’m pleased to say that with this level of funding, combined with the strong order book now in place, the Company will be well funded to deliver its business plan through to commercialisation in the coming years.

As the Company grows we continue to strengthen the Board and the governance structure to ensure we have the right effective control and oversight for the next stage of growth. We intend to strengthen the Board and focus on strategic issues with a clear distinction from the Executive Board. Mark Selby, our CTO, has moved across from the Board to the Executive Board and I would like to thank him for his contribution. This year Mike Lloyd also completed his service with the Board and retired and I would like to extend our thanks for his significant contribution to Ceres Power through this period. We welcome Caroline Hargrove to the Board who brings direct experience of fast growing technology companies from her time at McLaren Applied Technologies.

I would like to offer my thanks to the Board and employees for their efforts in what has been a very successful year. I look forward to further progress with our new partners as Ceres Power reinforces its reputation as a world-leader in the fast-growing clean energy and electric vehicle sector with the potential to establish the SteelCell® as the new standard for the industry.

Alan Aubrey
Chairman
8 October 2018

Chief Executive’s Review of Performance

Overview of performance

This year has been transformational for Ceres. We recently signed two very strong strategic partnerships with Weichai Power and Bosch and secured a strong order book and cash position that allows us to deliver against our business plan and establish Ceres as a leading player in the global fuel cell industry. This was only made possible by the dedication and hard work of everyone at Ceres Power who continue to deliver year on year against our business plan of partnering with the world’s best companies while continuing to develop the core SteelCell® technology. In the year ahead we will face some challenges as we have to manage the competing priorities of servicing customers, maintaining our leading R&D and increasing capacity. Managing this scale up is never easy but is a key stage in any business’s growth. Over the past 12 months we have begun to put in place a strong foundation in order to scale the business to meet our growing commercial demand. A key reason for the additional capital raise this year was to enable this growth and we have secured an additional manufacturing facility in the UK. This will meet near-term customer demand and act as a reference plant for partners to license manufacturing. The year ahead will provide fresh opportunities and challenges as we look to deliver to the high standards demanded by our partners and scale-up the business with additional manufacturing capacity.

Commercial Progress

This has been an excellent year commercially as we signed two new partnerships with Bosch and Weichai Power and made good progress with existing partners. Revenue and Other income grew 71% year on year from £4.1 to £7 million and contracted order book also grew significantly from £3.2 million to £30 million (at the time of signing the accounts). We expect this trend of strong revenue growth to continue into next year as partners progress through Joint Development projects to licensing the technology with significant up-front payments for technology transfer. We now have several partners on this path as summarised below.

Bosch

In August 2018 we signed a strategic partnership with Bosch who we had been working with as our 5th unnamed European Partner. There is an obvious synergy with Bosch’s capability as a world-leading technology and manufacturing business and the processes to make the SteelCell®. The collaboration will further develop the technology, establish low-volume production at Bosch, and help enable the future scale up and mass manufacture of the SteelCell® for use in multiple applications including Bosch’s target market: small power stations to be used in cities, factories, data centres and charge points for electric vehicles.

The Collaboration License and Joint Development Agreements provide significant staged revenue through Technology Transfer and licensing of 5kW stacks worth approximately £20 million over the next two years subject to performance criteria and could result in significant longer-term royalties on 5kW SteelCell® stacks. In addition, Bosch has made a £9 million strategic equity investment in Ceres.

Not only does the partnership further validate Ceres' licensing business model but also Bosch has the potential to become a significant manufacturing partner for Ceres in the future.

Weichai Power
China is rapidly becoming the fastest growing market for fuel cells, driven by regulation and incentives from the Chinese government to improve air quality. As a Board we had identified that the Chinese market would be a key part of Ceres future growth but securing the right partner was essential. Therefore in May we were delighted to sign a deal with Weichai Power, one of the leading automobile and equipment manufacturing companies in China which produces over 600,000 engines per year.

The initial plans are for Ceres and Weichai Power to jointly develop and launch an SOFC fuel cell range extender system for China's fast growing electric powered bus market. Weichai Power has a wide network of customers in China and sells c.30,000 buses per year.

The agreement potentially provides significant staged revenues to Ceres Power through technology transfer, engineering services, licence and royalty payments and a longer-term share in the profits of a proposed manufacturing Joint Venture. As part of this agreement Weichai Power has invested £20 million for a 10% equity stake in Ceres Power and has the potential to invest a further £28 million to reach a 20% shareholding upon completion of further Commercial Agreements later this year.

Other Partners
In August this year we announced a new partnership with Nissan and The Welding Institute backed by the UK Government's Advanced Propulsion Centre (APC) to further develop the 5kW stack for electric vehicle applications. This builds on a successful two-year relationship with Nissan on the UK Innovate EVRE (Electric Vehicle Range Extender) programme. Under this new APC programme Ceres should receive £7 million over the next 3 years to adapt our current 5kW stack for vehicle use which will culminate in demonstrating the stack in a Nissan-designed system suitable for a variety of fuels (including biofuels).

The UK Government's 'Road to Zero' strategy, which requires a significant reduction in CO2 emissions, is accelerating the shift to battery Electric Vehicles (EVs). Introducing fuel cell technology alongside batteries further enables increased drive range and has the potential to help accelerate the uptake of battery EVs.

In addition to these new major contracts, we continue to progress with our existing relationships. Our first 'go-to-market' partnership with a confidential OEM for a multi-kW product targeting applications in the business sector is progressing well and is due to start field trials this year as the next step towards product launch.

As part of a US Department of Energy programme, Cummins and Ceres Power have made significant progress developing an innovative, modular 10kW Solid Oxide Fuel Cell system and the first of a kind prototype system is due to start commissioning in the UK shortly. This will target high electrical efficiency of 60% and be inherently scalable to meet multiple distributed power applications. One target application will be the fast-growing data centre market which currently accounts for 2% of global electricity consumption. Cummins is a global leader in supplying back up and temporary power systems to this market and the largest independent manufacturer of diesel engines.

In addition over the past year we have signed several Technology Evaluation Agreements with prospective OEMs in Asia with the potential to add new partnerships this year.

Technology Update
We have made significant technical progress with our V5 technology which is being released to customers. The results from the in-house testing and validation show lower degradation rates and higher efficiencies than the V4 technology. We have achieved 60% net electrical efficiency in a customer system development achieving a significant milestone for the Company. These achievements mean the technology is amongst the best performing SOFCs in the industry, with the robustness and cost advantages of the SteelCell®. The new 5kW stack development is well underway with first of a kind results with Nissan showing promising performance through the EVRE programme. This is a key new platform supporting our work with Nissan, Cummins and more recently Weichai Power and Bosch to provide multi kW modules that can address higher power high volume markets such as the data centre and automotive applications.

To accelerate the development and scale up of the 5kW stack, we are working on processes and design for manufacture with Bosch for the industrialisation of the technology. The first generation 5kW stack will deliver higher volumetric power density and lower costs through economies of scale compared with our existing 1kW stack platform. This will then be further refined in a second generation stack which will look at further improvements in power density and cost.

The technology team has also played an important role in technology transfer of our systems capability and work is underway with Weichai Power to scale our system capability to a 30kW range extender for Electric bus and other applications in China.

The team is also supporting our unnamed partner following technology transfer of our 1kW system design for a multi kW application which is undergoing testing at the customer's site. The team continues to provide valuable support to Joint Developments with customers globally as well as new technology assessments across the world.

Operations Update
Due to a significant increase in customer demand for the SteelCell® technology, particularly for higher power applications, we are investing in additional manufacturing capacity initially at Horsham and at a new site in Redhill. At the new facility we are investing £7 million over 2 years which will create 60 new manufacturing and engineering jobs in the UK.

This investment in near-term additional capacity in the UK is consistent with our long-term strategy and our two strategic partners, Weichai Power and Bosch, have considerable manufacturing capability. With Weichai Power we are planning to establish a Joint Venture in China to manufacture fuel cells and systems to address the huge market potential there. In Bosch we have a very capable partner to jointly collaborate on the development and industrialisation of our 5kW stack and one which could also manufacture our SteelCell® in volume in the future.

Financial progress
The year has been dominated by commercial success which allowed us to raise new equity through a placing in July 2018. This new equity, along with that from our strategic partners Weichai Power and Bosch, brings financial stability and enables the Group to expand its manufacturing and operational capability to seek to fulfil its ambitions.

During the year commercial progress has fed through to revenue and other operating income, which grew 71% from £4.1 million to £7.0 million. This was split £6.3 million revenue from customers and £0.7 million from grants and other income. As we invested in the business to enable growth and higher power applications this led to a slightly increasing EBITDA[1] loss £10.8 million (2016/17 - £10.3 million). Equity free cash outflow[2] was (£10.9 million), an increase from prior year (£9.4 million) due principally to an increase in receivables and other working capital as the Company has grown. This progress has also increased our order book[4] considerably, which is currently £30 million covering the next 3 years, up from £3.2 million this time last year.

The placing in July 2018 raised £39 million, with £20 million from new and existing financial investors and £19.3 million from Weichai Power as a strategic investment. Since the year end Bosch has made a strategic investment of £9 million and Weichai Power has the potential to increase its stake in the Company from 10% to 20% through triggering its option and investing a further £28 million upon agreeing terms of the future Joint Venture in China. We expect this total new equity of £77 million to give us the runway to commercially launch with partners.

People
Reflecting the commercial success and the longer-term contracts we have won this year, we will continue to invest in high-quality people, particularly those supporting our customer programmes and our new manufacturing facility and the maturing processes required in Operations.

I recognise that the right people are vital to the business and I am delighted by the talent we have been able to attract to work with us.

Outlook
Ceres Power has reached a new phase of its business – having secured six partners, two of which with the capability to scale up manufacturing of the SteelCell®. We are already seeing several of these relationships move towards significant license deals and partnerships leading to field trials with the intent to launch commercial products. I expect the year ahead to be both exciting and demanding as we prioritise our work to enable us to achieve our key business priorities.

Our focus remains on getting SteelCell® products to market under licence with leading OEMs and proving out the technology in trials. We are targeting field trials for a multi-kW application with our unnamed commercial partner, the first 30kW system being run on a bus in China with Weichai Power in 2019, and the 10kW power module systems to start evaluation in 2019 with Cummins and the DoE. These initial trials will no doubt provide new challenges for us as we service OEMs in different markets.

A near term priority is to conclude the negotiations for the joint venture and licensing agreement with Weichai Power which would enable us to work towards a manufacturing joint venture in China and which triggers a further equity stake in the Company to increase Weichai Power's holding in the Company to 20 per cent.

The strategic collaboration with Bosch is equally a key priority as we begin technology transfer of the SteelCell® technology to enable the Joint Development of the 5kW stack and manufacturing scale up in the UK and also at Bosch.

With these core customer and other programmes we will target further revenue growth this year maintaining the strong trend of recent years and expect our strong order book position of £30 million to result in revenue and other income growing at least 70% year on year.

With the company now in a strong financial position, the Board intends to continue to scale and develop the business to be able to deliver these new opportunities through this key period of growth to commercial launches. Our key internal action is the preparation of our new UK manufacturing facility to meet near term customer demand and also to act as a reference plant for our manufacturing partners.

This has been both a demanding and very rewarding year for Ceres Power and I would like to thank everyone at the company for their hard work and dedication this year in delivering some key milestones and partnerships across the globe. This takes us forward to the next phase in growing what could become one of the UKs leading technology companies.

Phil Caldwell
Chief Executive Officer

8 October 2018

Consolidated statement of profit and loss and other comprehensive income
for the year ended 30 June 2018

	Note	**2018 £'000**	2017 £'000
Revenue		**6,329**	3,119
Cost of sales		**(3,097)**	(1,334)
Gross profit		**3,232**	1,785
Other operating income		**680**	957
Operating costs	2	**(15,854)**	(14,264)
Operating loss		**(11,942)**	(11,522)
Finance income		**57**	89
Loss before taxation		**(11,885)**	(11,433)
Taxation credit		**1,961**	2,025
Loss for the financial year and total comprehensive loss		**(9,924)**	(9,408)
Loss per £0.01 ordinary share expressed in pence per share:			
– basic and diluted	3	**(0.98)p**	(1.00)p

All activities relate to the Group's continuing operations and the loss for the financial year is fully attributable to the owners of the parent.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position
as at 30 June 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment		**2,197**	1,913
Other intangible assets		**47**	–
Total non-current assets		**2,244**	1,913
Current assets			
Inventories		**1,400**	595
Trade and other receivables		**3,151**	1,339
Other assets		**1,630**	1,123
Derivative financial instruments		**8**	8
Current tax receivable		**1,900**	1,805
Short-term investments	6	**–**	14,000
Cash and cash equivalents	6	**6,395**	3,158
Total current assets		**14,484**	22,028
Liabilities			
Current liabilities			
Trade and other payables and liabilities		**(4,290)**	(2,654)
Derivative financial instruments		**(5)**	(8)
Total current liabilities		**(4,295)**	(2,662)
Net current assets		**10,189**	19,366
Non-current liabilities			
Provisions		**(851)**	(828)
Total non-current liabilities		**(851)**	(828)
Net assets		**11,582**	20,451
Equity attributable to the owners of the Parent			
Share capital	4	**10,163**	10,124
Share premium account		**107,445**	107,349
Capital redemption reserve		**3,449**	3,449
Merger reserve		**7,463**	7,463
Accumulated losses		**(116,938)**	(107,934)
Total equity		**11,582**	20,451

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement
for the year ended 30 June 2018

	Note	**2018 £'000**	2017 £'000
Cash flows from operating activities			
Cash used in operations	5	**(11,349)**	(10,822)
Taxation received		**1,866**	2,217
Net cash used in operating activities		**(9,483)**	(8,605)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,454)**	(863)
Investment in intangibles		**(47)**	–
Movement in short-term investments		**14,000**	(13,000)
Finance income received		**57**	89
Net cash generated from/(used in) from investing activities		**12,556**	(13,774)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**135**	20,209
Expenses from issuance of ordinary shares		**–**	(635)
Net cash generated from financing activities		**135**	19,574
Net increase/(decrease) in cash and cash equivalents		**3,208**	(2,805)
Exchange gains on cash and cash equivalents		**29**	16
		3,237	(2,789)
Cash and cash equivalents at beginning of year		**3,158**	5,947
Cash and cash equivalents at end of year	6	**6,395**	3,158

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2018

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total £'000
At 1 July 2016		7,779	90,120	3,449	7,463	(99,524)	9,287
Comprehensive income							
Loss for the financial year		–	–	–	–	(9,408)	(9,408)
Total comprehensive loss		–	–	–	–	(9,408)	(9,408)
Transactions with owners							
Issue of shares, net of costs	4	2,345	17,229	–	–	–	19,574
Share-based payments charge		–	–	–	–	998	998
Total transactions with owners		2,345	17,229	–	–	998	20,572
At 30 June 2017		10,124	107,349	3,449	7,463	(107,934)	20,451
Comprehensive income							
Loss for the financial year		–	–	–	–	(9,924)	(9,924)
Total comprehensive loss		–	–	–	–	(9,924)	(9,924)
Transactions with owners							
Issue of shares, net of costs	4	39	96	–	–	–	135
Share-based payments charge		–	–	–	–	920	920
Total transactions with owners		39	96	–	–	920	1,055
At 30 June 2018		**10,163**	**107,445**	**3,449**	**7,463**	**(116,938)**	**11,582**

The accompanying notes are an integral part of these consolidated financial statements.

Note to the financial statements
for the year ended 30 June 2018

1. Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis, 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 consolidated financial statements have been prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss.

The financial information contained in this final announcement does not constitute statutory financial statements as defined by in Section 434 of the Companies Act 2006. The financial information has been extracted from the financial statements for the year ended 30 June 2018 which have been approved by the Board of Directors, and the comparative figures for the year ended 30 June 2017 are based on the financial statements for that year.

The financial statements for 2017 have been delivered to the Registrar of Companies and the 2018 financial statements will be delivered after the Annual General Meeting on 5 December 2018.

The Auditor has 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.

The accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2017, as described in those financial statements.

In light of the new equity issued after the year end, and having reviewed the Group's forecast income and expenditure, performing appropriate sensitivity and scenario analyses, and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to progress their established strategy. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2. Operating costs

	2018 £'000	2017 £'000
Operating costs are split as follows:		
Research and development costs	**11,422**	10,516
Administrative expenses	**4,432**	3,907
	15,854	14,423
Reversal of provision relating to onerous lease and property dilapidations	**–**	(159)
	15,854	14,264

3. Loss per share

Basic and diluted loss per £0.01 ordinary share of 0.98p for the financial year ended 30 June 2018 (2017: 1.00p) is 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 2018 or in the previous year.

The loss for the financial year ended 30 June 2018 was £9,924,000 (2017: £9,408,000) and the weighted average number of £0.01 ordinary shares in issue during the year ended 30 June 2018 was 1,014,833,814 (2017: 939,762,048).

4. Share capital

	2018		2017	
	Number	**£'000**	Number	£'000
Allotted and fully paid				
At 1 July	1,012,419,929	10,124	777,857,841	7,779
Allotted on exercise of employee share options	3,849,264	39	5,959,005	59
Allotted on cash placing	–	–	228,603,083	2,286
Ordinary shares of £0.01 each at 30 June	1,016,269,193	10,163	1,012,419,929	10,124

During the year 3,849,264 ordinary £0.01 shares were allotted for cash consideration of £135,000 on the exercise of employee share options (2017: 5,959,005 ordinary £0.01 shares for cash consideration of £206,000)). During the prior year the Company completed a placing of 228,603,083 ordinary £0.01 shares for cash consideration of £20,003,000.

Post year end

On 27 July 2018 the Company completed the allotment of 260,952,269 ordinary £0.01 shares for cash consolidation of £39,352,000. The allotment was in respect of the Weichai Power strategic investment, announced via the Regulatory News Service (RNS) on the 16 May 2018, for 128,326,275 ordinary £0.01 shares, and the placing of 132,625,994 ordinary £0.01 shares to existing and new institutional investors.

On 20 July 2018 at a General Meeting of the Company, the shareholders approved the issue of an option to Weichai Power, subject to the prior subscription being completed, allowing it to subscribe for up to an additional 182,115,100 ordinary £0.01 shares in the Company, but not more than 20% of the issued share capital of the Company, at a price of £0.1645 per share and subject to certain commercial documents being signed and conditions being met. This option has not been exercised at the date of this report.

On the 7 August 2018 Ceres Power Holdings plc completed a 1 for 10 share consolidation, where every 10 existing ordinary shares of 1p each in the Company were consolidated into 1 ordinary share of 10p each. All outstanding capital instruments including employee share options and the aforementioned Weichai Power option were amended as a result of this consolidation.

Following the share consolidation, the Company completed the allotment of 5,973,660 ordinary £0.10 shares to Robert Bosch GmbH for cash consideration of £9,008,279 on the 25 September 2018 and an additional allotment to Weichai Power of 663,740 ordinary £0.10 shares for cash consideration of £1,000,920 on the 5 October 2018.

5. Cash used in operations

	2018 £'000	2017 £'000
Loss before taxation	**(11,885)**	(11,433)
Adjustments for:		
Other finance income	**(57)**	(89)
Depreciation of property, plant and equipment	**1,170**	1,259
Net foreign exchange gains	**(29)**	(16)
Net change in fair value of financial instruments at fair value through profit or loss loss	**(3)**	21
Share-based payments	**920**	998
Operating cash flows before movements in working capital	**(9,884)**	(9,260)
Increase in trade and other receivables	**(1,812)**	(842)
Increase in other assets	**(507)**	(511)
Increase in inventories	**(805)**	(595)
Increase in trade and other payables	**1,636**	502
Increase/(decrease) in provisions	**23**	(116)
Change in working capital	**(1,465)**	(1,562)
Cash used in operations	**(11,349)**	(10,822)

6. Cash and cash equivalents and short-term investments

	2018 £'000	2017 £'000
Cash at bank and in hand	**3,828**	1,354
Money market funds	**2,567**	1,804
Cash and cash equivalents	**6,395**	3,158
Short-term bank deposits greater than one month	**–**	14,000
	6,395	17,158

During the prior financial year the fixed rate short-term bank deposits in pounds sterling had term of between 32 days and 12 months and earned interest of between 0.45% and 1.00%. Floating rate cash deposits, money market funds and other bank deposits earned interest based on relevant UK LIBID-related equivalents. The credit quality of financial assets has been assessed by reference to external credit ratings.